

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2007

WEDNESDAY, MARCH 15, 2006

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens, Cochran, Burns, and Inouye.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

**STATEMENT OF THE HONORABLE DAVID C. WINTER, SECRETARY OF
THE NAVY**

ACCOMPANIED BY:

**ADMIRAL MICHAEL G. MULLEN, CHIEF OF NAVAL OPERATIONS
GENERAL MICHAEL W. HAGEE, COMMANDANT, MARINE CORPS**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. My apologies, gentlemen. I had a visit from one of the youth commissions in my State, that had a few questions. I hope you've got the answers. We're pleased to welcome the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps today, to discuss the fiscal year 2007 budget.

Secretary Winter, Admiral Mullen, this is your first appearance before the subcommittee and the co-chairman and I, and our whole subcommittee welcome both of you.

The Department of the Navy budget request for fiscal year 2007 is \$127.3 billion. Approximately \$4.4 billion above the level we provided last year, excluding supplementals.

We look forward to hearing about your priorities for these funds, and about the current status of the Navy and the Marine Corps, and we're also interested in the recent four structure changes, such as stand up of the new Marine Corps Special Operations Command, and the new Riverine Force. We hope you will share with us some of the challenges facing the Navy and Marine Corps team. And such as the need to reconstitute the force after returning from operations in the war theatre.

As always, your statements will appear in the record in full, as though read. Let me turn to other Members here, to see if they have any opening statements.

Mr. Chairman.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. I thank you very much, Mr. Chairman and gentlemen. I join my chairman in showing our appreciation that you've joined us today to testify before this subcommittee. Mr. Secretary and Admiral Mullen, we welcome you for your first appearance before this subcommittee and General Hagee, it's always good to see you. Sir, welcome back.

Mr. Secretary, you and your military partners present a shared vision for the Navy and Marine Corps. One that seeks to modernize your forces while bringing the marines and Navy into a closer and more efficient partnership. Admiral, we recognize your requirement to modernize the fleet, to ensure that we do not continue to reduce the number of ships.

General Hagee, we also see the need to rebuild our marine forces as they return to duty from Iraq. We hope to learn today how you will balance these modernization goals, while still providing sufficient funding to steam your ships, train your pilots, support the quality of life programs, such as military healthcare that are very vital to retention.

Mr. Chairman, as you are aware, this is a challenging period for our military forces. They are being called upon increasingly to serve in harm's way. At the same time, the Defense Department has adopted policies which either reduce their forces, or increase commitments within the same force structure. We know these policies could strain our marines and Navy if they are not implemented with great care.

Gentlemen, this is a tough assignment. We appreciate that you've joined us today and look forward to the meaningful discussion on balancing the needs of our maritime forces within budget limits.

Thank you, very much. Mr. Chairman.

Senator STEVENS. Chairman of the full Committee.

PREPARED STATEMENTS OF SENATORS THAD COCHRAN AND CONRAD BURNS

Senator COCHRAN. Mr. Chairman, I'll be glad to put a statement in the record. Thank you very much.

Senator STEVENS. Senator Burns.

Senator BURNS. Same with me, Mr. Chairman. I think we want to hear from the witnesses today.

[The statements follow:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, I am pleased to welcome Secretary Winter, Admiral Mullen, and General Hagee to this hearing. We appreciate your cooperation with this committee as we review the requests for appropriations for the Navy and Marine Corps. We also appreciate the response to the needs of disaster victims in the Gulf Coast region in the wake of Hurricane Katrina. I'd also like to thank General Hagee for the Marines' outstanding support provided to Mississippi's 155th Separate Armor Brigade while they were deployed to the Anbar Province and attached to the Second Marine Expeditionary Force.

I join you, Mr. Chairman, in praising the performance of our military forces. They reflect great credit upon our country. We continue to keep them in our prayers as they maintain their legacy of sacrifice and service.

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. Secretary Winter, Admiral Mullen, General Hagee.

First of all, I want to congratulate you for the tremendous service that your sailors and Marines are providing to win this war on terror. Our sailors and Marines are deployed all over the world. These great Americans are carrying the weight for our nation.

In fact the future of the Middle East rests in the battle tested hands of your young men and women who now serve all over the world. We have a unique opportunity to bring stability to an area of the world that has not known peace in generations. This opportunity will not come again. We must do everything we can to ensure that our courageous men and women have the tools they need to succeed around the world.

Senator STEVENS. Mr. Secretary, we're pleased to have your statement.

Mr. WINTER. The Chairman, Senator Inouye, members of the subcommittee—

Senator STEVENS. Can you pull that mic back toward you a little bit, Mr. Secretary? Thank you.

Mr. WINTER. Thank you for the opportunity you've given the Navy and Marine Corps team to appear before this subcommittee. But before I start, I would like to express my deepest sympathy to Senator Inouye and his family on behalf of the entire Department of the Navy. Sir, you have our deepest sympathies.

Now today, I'm joined by Admiral Mullen and General Hagee, and I could not ask for better, more honorable teammates. It is a true pleasure to work with them. Now each of us has provided a statement to this subcommittee and I appreciate the inclusion of those statements into the record.

These documents outline in detail, this Department's priorities. Our top priorities are clear. We must prosecute the global war on terror today, while deterring potential adversaries and reset the force for tomorrow.

Mr. Chairman, let me be blunt: We are a nation at war. Support for sailors and marines in the Iraqi theatre of operations is our most urgent task, and I am focused daily on what the Navy and Marine Corps can do to help achieve victory in Iraq and against terrorists elsewhere around the globe.

I am now in my third month as Secretary. Being a firm believer in the idea that there is no substitute for personal observation, I recently made my first visit to Iraq and to the 5th Fleet. I met with sailors and marines at a number of major naval bases in the United States, and overseas, and visited several leading shipyards on the east coast.

During my visit to Iraq last month, where I traveled throughout Al Anbar province from Falluja to the Syrian border, I spoke to hundreds of marines and sailors on an individual basis and the experience has left me with more pride and admiration for their courage and commitment, than I have thought possible. I was truly struck by their genuine enthusiasm and professionalism, and humbled by their achievement.

It is difficult to describe the feeling one gets, for example, after meeting a team of four marines in Al Taqaddum, southwest of Baghdad, standing in front of a mangled and broken Humvee—a vehicle destroyed by an improvised explosive device (IED) while they were patrolling in it just days before. But though the vehicle

was damaged beyond repair, all four marines were healthy, resolute, and determined—ready to go back out on patrol.

Mr. Chairman, the courage of those four marines is symbolic of the courage shown by countless others on duty in the global war on terror, and it is inspiring to all of us who serve our Nation.

There are countless unsung heroes—yes, heroes—doing extremely important work under demanding conditions on land and at sea, 24 hours a day, 7 days a week, all over the globe.

To highlight one other example, Navy sailors are guarding strategically vital oil terminals off the coast of Iraq, thereby protecting not only Iraq's, but the world's economy from attacks by terrorists. They know the importance of their mission and they take great pride in doing it well.

Now I would like to thank this subcommittee for its strong support for the Navy and marines. Your visits to forward deployed marines and sailors are essential, and they are deeply appreciated by those serving so far from home.

The same applies to visits to wounded heroes at Bethesda Naval Hospital, Walter Reed Medical Center, and other medical facilities. I know from my own visits with injured sailors and marines that your personal concern and support means a great deal to these young patriots who have sacrificed so much in the service of this Nation.

PREPARED STATEMENT

Thank you, Mr. Chairman. I look forward to your questions.
[The statement follows:]

PREPARED STATEMENT OF HONORABLE DONALD C. WINTER

*Providing the Right Force for the Nation Today . . . While Preparing for the
Uncertainties of Tomorrow*

INTRODUCTION

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today. I recently had the opportunity to visit our forces in Iraq. This was my first visit to Iraq. I was truly impressed by the genuine enthusiasm and drive of our forces. Our Marines and Sailors believe in what they are doing and they are performing superbly in very challenging circumstances. From the Iraqi-Syrian border region to Iraq's off-shore oil terminals, our troops are making a difference in the transition of Iraq to a democratic nation. Our troops recognize they are making a difference and are proud of what they do. And, I am very proud of what they are doing to win the war. It is not an easy battle but one that, with the support of the American people and Congress, we can and will win. Your continued support of our Sailors and Marines has a profound, positive impact on our ability to provide matchless naval forces for the defense of the United States.

Throughout the world, the Navy and Marine Corps Team continues to answer the Nation's call and play a leading role in the Global War on Terror (GWOT). During 2005, the versatility and flexibility of expeditionary naval forces were repeatedly demonstrated while undertaking missions that ranged from major combat operations in Afghanistan and Iraq, to Humanitarian Assistance and Disaster Relief (HA/DR) operations in Indonesia and on our own Gulf Coast after Hurricanes Katrina and Rita.

Providing the right force for the Nation today, in a time of war, is not the only challenge. We must also prepare for the uncertainties of tomorrow that include future terrorists and other emerging asymmetric threats, as well as potential peer competitors. All of these will require Navy and Marine Corps forces capable of preserving America's longstanding maritime dominance.

Naval forces have inherent, unique warfighting capabilities that include global access, a non-intrusive footprint, persistent presence, and expeditionary power that al-

ways figure prominently in the President's deliberations during times of crisis. Far-sighted leaders in Congress, recognizing naval forces' unique strengths, deserve our thanks for the key resource decisions they have made in recent years.

This past year featured a long and impressive list of Navy and Marine Corps achievements in support of GWOT. Last year in Iraq, Navy and Marine Corps personnel proved critical to the achievement of wartime objectives. A Marine Expeditionary Force conducted operations in Al Anbar province, the heart of the Baathist insurgency, and was successful in ensuring security for the historic elections in January and December 2005. Marines also executed missions in Afghanistan and the Horn of Africa. Sailors were deployed to U.S. Central Command (USCENTCOM) in various missions ashore, requiring boots on the ground. Missions were performed by SEALs, Seabees, Military Police (MP), Explosive Ordnance Disposal (EOD), medical, intelligence, civil affairs, and other support personnel.

The flexibility and professionalism of naval forces were also on display in providing humanitarian relief to tsunami victims in South Asia, earthquake victims in Pakistan, and to our own citizens along the Gulf Coast. After Hurricane Katrina hit, naval forces responded with 23 ships, more than 12,000 Sailors and Marines, and 104 aircraft to evacuate more than 8,000 victims and deliver more than 2 million pounds of food and countless gallons of water. The zeal and professionalism with which Sailors and Marines rushed forward to save lives and provide comfort to the afflicted were brought under an international spotlight, proving once again that naval forces have the versatility to serve as first responders with global reach.

In carrying out these missions, from Kabul to Baghdad, and Indonesia to New Orleans, the Navy and Marine Corps performed superbly, taking advantage of their unique capabilities to engage the enemy or rescue those in distress, achieving objectives ranging from eliminating a terrorist enclave to building enduring relationships and gaining influence through our goodwill gestures. Faced with the strategic imperatives of providing the right force for the nation today, while simultaneously building naval capabilities for the challenges of tomorrow, the Department must continue on its course towards transformation and modernization. Funding technologies and weapons systems that will enable naval forces to enlarge their contributions to GWOT is our most urgent task. Investing in the ships, aircraft, submarines, and Marine Corps warfighting equipment and people to preserve this Nation's historic naval power to dissuade or deter peer competitors, to prevail in war, and to win hearts and minds, remains an enduring, fundamental strategic requirement.

Responsible and successful statesmanship requires matching strategic ends to available means. This requires trade-offs and hard choices in a security environment where errors or misjudgments can result in significant consequences. The Department of the Navy's portion of the President's Budget for fiscal year 2007 is the product of a realistic, rigorous assessment of naval requirements, resources, and priorities. It reflects both wartime exigencies and prudent investments, with a vigilant eye on the uncertainties of tomorrow.

As Navy and Marine Corps forces are actively engaged in combat operations in Iraq, Afghanistan, and stand ready around the globe, we have a solemn duty to ensure that our Sailors and Marines are trained, equipped, and prepared for all missions. The fiscal year 2007 President's Budget meets these requirements.

FISCAL YEAR 2007 BUDGET PRIORITIES

In support of the Department of the Navy's mission and as validated by the 2006 Quadrennial Defense Review (QDR), the fiscal year 2007 President's budget provides the right force for the Nation today, prepares for the uncertainties of tomorrow, and effectively manages the risk imposed by legitimate fiscal constraints.

The fiscal year 2007 budget includes \$127.3 billion for the Department of the Navy, an increase of \$4.4 billion over last year's baseline appropriations.

In fiscal year 2007, every appropriations category increases except for Research and Development (R&D). Military Personnel accounts increase due primarily to health care costs and retired pay. Operating accounts increase because of the rising cost of fuel, and to support higher readiness levels that overall generates a more cost-efficient use of valuable naval assets. Procurement accounts increase as we build the future fleet. The R&D accounts decrease as a result of programs transitioning from development to production. The following summarizes the fiscal year 2007 budget highlights for the Department of the Navy:

Personnel Salary and Benefits.—The fiscal year 2007 President's budget includes an increase of \$1.4 billion in military personnel spending which includes a basic pay raise of 2.2 percent for all service members, health benefits, a 5.9 percent increase in housing allowance, special pays, and targeted pay raises for warrant officers and

mid-grade/senior enlisted personnel. As a result of targeted pay incentives, the Navy and Marine Corps achieved nearly every active duty recruiting and retention goal with exceptions found only in highly technical specialties. To maintain momentum, the Navy and Marine Corps have increased funding for enlistment bonuses. Congressional support is appreciated for the re-enlistment bonus increases slated for selected technical ratings.

Operation and Maintenance.—The fiscal year 2007 President's budget increases Operation and Maintenance by \$2.1 billion. As part of a joint warfighting team, the Navy and Marine Corps will control the seas, assure access, and project offensive power and defensive capability to influence events at sea and ashore. The ability of naval forces to meet the Combatant Commanders' requirements is a function of their combat readiness. The Navy's Fleet Response Plan (FRP) produces adaptable force packages and better sustains readiness throughout a unit's operational cycle to ensure the availability of fully ready Carrier Strike Groups (CSG) and other fleet assets. The goal of FRP is to provide the Nation with 6 CSGs within 30 days, and an additional CSG within 90 days. Fiscal year 2007 funding will invest in future readiness for an experienced and trained fleet and will also provide better trained, safer, and more lethal Marines before they deploy. Marine forces preparing for combat operations also require additional training resources. Fiscal year 2007 funds will also pay to implement the following new joint capabilities, which reflect an increased role for the Department of the Navy in prosecuting GWOT:

- The Marine Corps Special Operations Command (MARSOC) will enhance interoperability, and provide greater flexibility and increased capability to conduct irregular warfare.
- Regeneration of a Navy Riverine Capability will fill a critical capability gap by extending operations into the "brown water" environment, and provide additional opportunities to build partner-nation cooperation.
- The Expeditionary Security Force will increase the effectiveness of shipborne security and maritime interdiction operations by supporting intercept and boarding capabilities in every CSG/ESG, as well as providing high end defensive capabilities within the Navy in support of force protection, harbor/port defense, and protection of maritime infrastructure.
- The National Maritime Intelligence Center, serving as the Nation's Global Maritime Intelligence Integration Center, will increase Maritime Domain Awareness (MDA) by strengthening interagency operations and enhancing partner-nation cooperation.

Shipbuilding Account.—The fiscal year 2007 budget for shipbuilding ensures that tomorrow's fleet will remain the world's preeminent. In fiscal year 2007, fourteen ships will be delivered to the Navy that include: four Amphibious Transport Dock ships (LPD)—(Hurricane Katrina impact may delay two ships to fiscal year 2008), three Dry Cargo and Ammunition ships (T-AKE), three Guided-Missile Destroyers (DDG), one Amphibious Assault ship (LHD), one Attack submarine (SSN), and one Oceanographic Survey ship (T-AGS). Also, the first of its class Littoral Combat Ship (LCS) will be delivered, built in less than two years. This is the payoff of previous years' investments toward buying naval capabilities for the future.

Aviation Account.—The fiscal year 2007 budget increases aviation procurement by \$1.2 billion to support the continued acquisition of critical programs including the Joint Strike Fighter (JSF), F/A-18E/F, EA-18G, MV-22, AH-1Z/UH-1Y, MH-60R, MH-60S multimission helicopters, and the Joint Primary Aircrew Training System (JPATS). Funding for 165 aircraft in fiscal year 2007 reflects an increase of 31 aircraft over fiscal year 2006, and a total of 1,150 new aircraft over the Future Years Defense Plan (FYDP).

Marine Corps Ground Equipment Accounts.—High Mobility Multi-Purpose Wheeled Vehicle (HMMWV), Light Armored Vehicle Product Improvement Program (LAV PIP), Lightweight 155 mm Howitzer (LW-155), High Mobility Artillery Rocket System (HIMARS), and the Assault Breaching Vehicle (ABV) are vital programs funded in this budget. The Expeditionary Fighting Vehicle (EFV) begins initial low rate production in fiscal year 2007.

Research, Development, Test & Evaluation (RDT&E) Account.—In fiscal year 2007, research and development decreases by \$1.8 billion, reflecting acquisition maturation and the transition to production. Additionally, there is a transfer of \$280 million from Navy R&D to Defense Wide R&D for Joint Forces Command efforts. Critical Shipbuilding programs include CVN 21, DD(X), LCS, Joint Highspeed Vessel and the SSN 774 Virginia-Class submarine. Critical manned aviation programs include the Joint Strike Fighter (JSF), P-8A Multi-Mission Maritime Aircraft (MMA), VH-71 Presidential helicopter replacement, E2D, EA-18G, and CH-53K.

Providing the Right Force for the Nation Today . . .

NAVAL WORKFORCE

Those of you who have visited forward deployed Navy and Marine forces, as I have recently done, know that naval forces include the best of America's young men and women. I am energized every time I have an opportunity to meet and talk with our Sailors and Marines. It is pure joy each time I reenlist or promote these true patriots. I deeply admire their willingness to continue their service and swear an oath of allegiance knowing the dangers and hardships they face. My visits reinforced the highest regard I already hold for the tremendously dedicated men and women who serve our Nation, in uniform and out, and for their leadership.

Commitment to the welfare and professional development of these Sailors and Marines is a top priority. I give the same emphasis to safety. The Department is making investments in protecting Sailors and Marines through accident prevention initiatives and with armor and specialized equipment. Our Sailors and Marines, civilians, and contractors deserve our very best efforts to maintain their continued safety and welfare.

The rising cost of naval manpower continues to drive the overall budget significantly. While the Department continues to increase performance efficiency through targeted manpower reductions, total manpower costs continue to rise. We must invest in this force so that it remains technically competent, properly equipped, and well trained.

Protect Sailors and Marines.—Protecting Sailors and Marines is a top priority. In response to growing force protection concerns in Iraq and Afghanistan, the Department has expeditiously acquired technology and hardware to equip Marines and Sailors for current wartime operations.

—*Personal Protective Equipment.*—Every Marine, Sailor, and Department of the Navy civilian is issued a complete set of body armor before going into Iraq or Afghanistan. They are outfitted with the Interceptor Body Armor System, including Outer Tactical Vests, Small Arms Protective Inserts (SAPI), ballistic helmets and ballistic goggles. Enhanced SAPI plates have been providing a significant force protection improvement, with 13,798 sets fielded. In June 2005 the Marine Corps identified the need for armor side plates. Delivery to the field began in November 2005, and to date 11,614 sets of body armor side plates have been shipped to theater, and an additional 9,000 sets will be fielded during the third quarter of fiscal year 2006. Other initiatives, such as an improved lightweight combat helmet, and lower face and body armor, are under development.

—*Vehicle Hardening.*—Since August 2004, all Marine Corps vehicles operating outside Forward Operating bases have been equipped with Level II armor or better. The Marine Corps worked hard to replace the first generation armor with this improved zonal protection.

—A fiscal year 2006 bridge supplemental of \$179 million is procuring the final 524 M1114s (Up-Armored Armament Carrier configuration of the HMMWV family) to fill the requirement for 2814 M1114s, by September 2006. The Marine Corps Systems Command and the Marine Corps Warfighting Lab teamed with the Army Developmental Test Command to test and rapidly assess various materials for use in vehicle hardening, to include improved ballistic glass, armor, and ceramics. These added armor capabilities have been incorporated into the next generation of vehicle hardening initiatives: the Marine Armor Kit (MAK) for the HMMWV, and the Medium Tactical Vehicle Replacement (MTVR) Armor System (MAS). MAK and MAS armor are replacing previous generations with an integrated, comprehensive (improved perimeter, top, and under-body) armor kit. A total of 2,660 HMMWV MAK installations were completed by November 2005. MTVR MAS kit installation is over 60 percent complete with an estimated completion date of May 2006 for the remaining vehicles.

—*Counter IED Technology and Equipment.*—The Department has aggressively developed technologies to counter the threat posed by Improvised Explosive Devices (IEDs) in Iraq and Afghanistan. I recently had the opportunity to visit our forces in Iraq. From first-hand observation, I can assure you that we are working the IED problem comprehensively and with a great sense of urgency. IEDs are a continuously evolving problem and we are constantly evolving our response. We are effectively addressing challenges associated with IEDs.

The Department of Defense (DOD) designated the Navy as the single manager for Explosive Ordnance Disposal (EOD) technology and training responsible for the development of Joint Service EOD technology. The Department has fully supported the Joint IED Defeat Organization with leadership as well as delivery to Iraq of a number of high and low powered jammers. The Office of Naval Research (ONR) is

focusing on long-term (5–10 years) research for solutions to countering the IED threat. Over 450 responses to their Broad Agency Announcement have been received and are currently being evaluated.

Recruit/Retain the Right Force.—With advances in the technology of weapons systems and platforms requiring personnel with highly specialized knowledge of computers and engineering, Navy and Marine Corps recruiters must target the top of the talent pool. Those who join and are subsequently trained to further develop their skills become increasingly valuable and are difficult to replace. Monetary incentives to recruit and retain are important, but not sufficient. Effective leadership and the sense that one is engaged in a noble, rewarding profession are even more important in motivating talented people to serve the Nation.

—*Pay Compensation Initiatives.*—Officer retention rates remain well above the historical lows of the late 1990s. The improvement is directly attributable to targeted incentive/critical skill pays established to address shortfalls. Despite the current positive retention trend, shortfalls remain in the Lieutenant Commander through Captain ranks in the Surface and Submarine communities. The use of continuation pay to target shortfalls will be continued.

—*Family Support.*—Military service places unique demands on families and communities. The fiscal year 2007 President's budget for family and community services supports my personal emphasis on our people. It improves recruiting and retention, and supports our personnel in times of crisis. Family support programs and services assist in achieving operational readiness and improve retention by caring for our families. The Marine for Life—Injured Support Program provides continuing care for the critically injured Marines and Sailors serving with Marines. A robust family support system is an essential element to maximizing every Sailor's and Marine's quality of service, and is my personal priority.

—*Housing Initiatives.*—Improving housing is a top priority as we recruit, retain, and improve the naval workforce. The complete elimination of inadequate military housing is our goal. The Department's housing strategy focuses on several areas including zero average out-of-pocket expenses for Sailors and Marines by raising Basic Allowance for Housing (BAH) in high-cost areas, completing construction of new housing units, and completing our successful program of privatizing military family housing. Additional initiatives include maintaining the "Homeport Ashore" program that constructs new housing for single, junior (E1–E3) personnel currently living onboard their ships, even while in homeport. Marine Corps improved housing for single Marines will be completed by fiscal year 2011.

—*Healthcare.*—Providing superb health care to Sailors, Marines, and their families is a critical part of the Department's support for personnel. The fiscal year 2007 budget includes an increase in funding to support healthcare accrual costs. Navy medicine is focused on supporting the deployment readiness of the uniformed services by delivering the right medical care for the fleet and Fleet Marine Force while providing for the health care needs of families and retirees. This health care includes improved post deployment care for returning Marines, Sailors and their families.

Shape the Force to Match the Need.—As the world gets more complex, the future force must continue with technology intensive training, but must also develop new skill sets as we move from the blue to the green and brown water environments. Advances in ship and systems designs will allow us to use technology to improve warfighting readiness, while skills like cultural awareness and foreign languages will enhance our effectiveness as we operate across the littorals and ashore. Future emphasis will focus on matching the right skills and experience to the right place at the right time, and providing the personal and professional tools needed to succeed.

Moving forward to execute a comprehensive strategy to enhance combat effectiveness in the 21st Century, the Department is designing a force that is aligned, shaped and developed to current and future mission requirements. In order to reduce and reshape the force, incentives and tools are needed to identify personnel in obsolete or overmanned skill sets. The Perform-to-Serve and Early Release programs are two examples that have helped create a more experienced, better trained, and smaller force.

OPERATIONS

Today, Sailors and Marines are postured worldwide, fighting the war on terror, deterring aggression by would-be foes, preserving freedom of the seas, and promoting peace and security. On February 15, 2006, 141 ships (50 percent of the

Battleforce) were underway of which 97 ships (35 percent) are forward deployed. Navy active strength totals 357,474 of which 5,298 are mobilized Reserves. Marines are forward deployed worldwide, including the combat zones of Iraq and Afghanistan. Marine Corps strength totals 179,139 with 7,040 mobilized Reserves.

Project Naval Power in the Global War on Terror.—Winning the GWOT is our number one strategic priority. Sailors and Marines are actively engaged in operations in both Iraq and Afghanistan, as well as in counter-terrorist operations in the Horn of Africa, the Philippines, the Persian Gulf, and elsewhere around the globe.

Currently over 26,000 Marines are serving in the CENTCOM Area of Responsibility (AOR), together with both sea- and shore-based Navy personnel in support of Operations IRAQI FREEDOM and ENDURING FREEDOM. Marines continue to conduct operations in the Al Anbar province of Iraq with counter-insurgency operations in the Euphrates River valley and other locations in Iraq. Training of Iraq forces is of particular importance. In Afghanistan, Marines provide a reinforced infantry battalion to the multi-national forces, and three Embedded Training Teams within the Afghan National Army. These teams train, mentor, and operate with their Afghan counterparts. Building up the capacity of our partners is critical to the strategy of countering extremist influence in the war on terror.

All together there are over 10,000 Sailors serving ashore throughout the CENTCOM AOR including more than 4,000 in Iraq, and an additional 2,600 in Kuwait that include SEALs, Seabees, MPs, EOD, medical, intelligence, legal, civil affairs, and other support personnel. Navy CSGs and ESGs continue to deploy in support of GWOT, conduct combat operations in Iraq and Afghanistan, execute counter-piracy missions, and provide humanitarian assistance and disaster relief such as the tsunami relief, Pakistani earthquake, and on our own Gulf Coast after Hurricanes Katrina and Rita. Additionally, there are approximately 400 Sailors in Afghanistan and 700 Sailors at the Guantanamo Bay Naval Station, where the Navy is scheduled to assume responsibility for the Joint Task Force in the Spring of 2006.

Improve Surge Capability.—The GWOT requires a naval force capable of surging to protect our interests throughout the world. The FRP is the operational framework that capitalizes on investments that have been made for higher readiness throughout a unit's operational cycle. By leveraging increased readiness under the framework of the FRP, the Navy has responded to support Combatant Commanders around the globe. The Navy today is meeting all commitments with trained and ready forces, and taking on new roles to address security challenges. The Marine Corps accounts for 4 percent of the DOD budget while providing 23 percent of the nation's active-duty ground forces. Currently, over 39,000 Marines are forward deployed conducting combat, peacekeeping, humanitarian assistance, and training missions worldwide. This investment in expeditionary combat power is more than just a good value; it is a product of focused, responsible stewardship.

Enhance Homeland Security.—The Navy has established a strong cooperative working relationship with the U.S. Coast Guard in support of maritime defense operations. The existing DOD/DHS Memorandum of Agreement (MOA) enables rapid provision of Coast Guard forces to the Navy in the event of a national crisis. The Services are currently working the modalities of inter-service cooperation cited in the Maritime Operational Threat Response plan of the President's National Strategy for Maritime Security. Additionally, the Department will remain prepared for CONUS consequence management with capabilities that include maritime and aviation assets for logistics, Search and Rescue (SAR), EOD, headquarters and communication platforms, medical, salvage, and Seabee construction support.

Increase Maritime Domain Awareness (MDA).—Protection of the U.S. homeland and critical interests around the world requires a strong commitment to enhancing MDA, a key component of an active layered maritime defense in depth. The U.S. Navy is a vital part of this initiative. The Presidential Directive for Maritime Security Policy calls for a national plan to achieve MDA. The Navy actively participates in the National MDA Implementation Team with U.S. Northern Command (NORTHCOM) and 19 other agencies to develop an investment strategy. The team is improving MDA through interagency cooperation, developing and strengthening relations with international partners, and accelerating investment in multinational coordination, such as the Automatic Identification System (AIS), and the Multinational Information Sharing System (MNIS). Proliferation Security Initiative (PSI) and the Container Security Initiative (CSI) are important tools in this effort. Additionally, the Navy and Coast Guard are exploring other focused technology areas including data fusion and anomaly detection capabilities to enable analysts and watchstanders to transform large quantities of data into actionable intelligence.

Provide Humanitarian Assistance/Disaster Relief.—The Navy and Marine Corps Team can rapidly respond to crises around the globe to provide combat power pro-

jection or humanitarian assistance and disaster relief. After the tsunami struck South Asia late last year, forward-deployed naval forces were the first on-scene providing life-saving assistance. Within a few days of the disaster, USS ABRAHAM LINCOLN (CVN 72), USS BONHOMME RICHARD (LHD 6) and supporting ships arrived off the coast of Indonesia, and commenced ferrying supplies ashore and evacuating critical patients to sea-based medical facilities.

During the relief operation, over 25 ships with embarked aircraft and landing craft, and the hospital ship USNS MERCY (T-AH 19), delivered more than 24 million pounds of relief supplies and treated over 6,500 patients. Recovery and relief in Pakistan following the devastating earthquake were led by on-station Navy and Marine Corps units. These kinds of missions show our nation's compassion and are just as important as showing our military strength.

When Hurricanes Katrina and Rita left a swath of destruction across our southern Gulf Coast, the Navy and Marine Corps Team responded. Ships of all types sortied from their homeports to the Gulf of Mexico. Navy and Marine Corps helicopters from air stations around the country quickly flew into New Orleans in the critical first few days following the storm to rescue thousands of stranded citizens. USS BATAAN (LHD 5), conducting training exercises in the area, was first to respond. USS IWO JIMA (LHD 7), our newest amphibious assault ship, transited from Norfolk and docked pierside in New Orleans to serve as a joint, interagency command and control center, a landing strip for a multitude of helicopters, and a base for rescue workers. USS HARRY S TRUMAN (CVN 75) sortied from Norfolk to act as an additional aviation platform for ferrying relief supplies. Navy and Marine Corps Reserve personnel used their amphibious training and equipment for rescue operations, and in many cases, were the first help to arrive on-scene. The hospital ship USNS COMFORT (T-AH 20) surged from reduced operating status in Baltimore to be on-scene in a few days. Bases at Gulfport and Meridian provided over 7,000 meals a day to evacuees, military personnel and relief workers. Marines flew 815 sorties and transported 1.1 million pounds of cargo and 5,248 passengers. A total of 446 rescue missions were flown, resulting in the recovery of 1,467 personnel. The Seabees built self-contained tent cities that housed 6,500 people each and included hot showers, hot meals and laundry facilities. Fleet and Family Support centers from unaffected Naval Stations moved into the area to set-up "safe haven" programs to help military families deal with the enormous stress that Katrina brought in her wake. All the efforts of the Sailors and Marines focused on helping others in time of need, regardless of geography or circumstance. Carrying on the proud tradition of naval service, they earned a particular sense of accomplishment in these noble missions.

Expand Presence and Capabilities into Littoral and Riverine Environments.—The Navy and Marine Corps are expanding the Nation's ability to extend combat power from the sea to the littoral regions of the world. These regions encompass large portions of the world's populace and hold many vital centers for transportation, commerce, and government. One key initiative, the Naval Expeditionary Combat Command (NECC), will combine a riverine and small boat capability with expeditionary training, security, and logistics, maritime civil affairs, Seabees, EOD, and Mobile Diving and Salvage. This realignment of existing force structure with new warfare initiatives will enhance maritime boarding operations, port security, foreign military training, and crisis/disaster response to create influence and capacity for near-shore and inland waterway operations.

EQUIPMENT

The Department of the Navy is committed to enhancing procurement programs to improve capabilities, efficiency, and productivity. The Department's strategy is to establish consensus for procurement among the Administration, Congress, and contractors to forge a new commitment to building a force for the future, while establishing a stable industrial base.

Simultaneously Reset, Recapitalize, and Modernize Equipment.—Combat operations in Iraq and Afghanistan and the increased operational tempo in support of GWOT are stressing equipment and diminishing pre-positioned stocks of hardware, munitions, and supplies.

Harsh environments, unavoidable maintenance delays, and battle damage are all taking their toll on equipment. The cost associated with resetting the force is above the baseline budget and will be covered with appropriate Supplementals.

Combat operations have subjected much USMC equipment to a lifetime worth of use in just a few years. Many systems are already at or beyond program service life. Examples include the M198 howitzer, HMMWV, EA-6B, CH-53D, CH-46E and

UH-1N. Service life extension programs and innovative forward deployed maintenance programs are helping keep current equipment combat-ready.

Enhance Procurement Programs: Improvements and Affordability.—The Sea Enterprise initiative is transforming naval business processes and driving efficiencies and effectiveness, essentially balancing the “Right Force, Right Readiness, and Right Cost.” Sea Enterprise is changing the Department’s business culture, improving productivity, streamlining processes, and harvesting savings to support higher priorities.

The Department is developing leaders with a better understanding of business strategies, cost control, program risk and rapid flexible design. As stewards of the Department’s acquisition and total ownership processes, the Systems Commands, Direct-Reporting Program Managers (DRPMs), and Program Executive Officers (PEOs) are responsible for furnishing high-quality yet affordable technologies, systems, platforms, training, and support to the operating forces.

To help guard against the danger of procurement fraud, the Department established the Naval Acquisition Integrity Office in the Office of the General Counsel. This office coordinates all parts of the procurement fraud program and provides training and guidance on procurement fraud matters.

. . . While Preparing for the Uncertainties of Tomorrow

SHAPE OUR 21ST CENTURY WORKFORCE

Future combat effectiveness and employment are dependent upon obtaining a force with the right skills in the right place at the right time. The active and reserve military components, civil servants, and the Department’s contractors must continue to adapt to different operating environments, develop new skills, and rebalance capabilities and people to remain prepared for the new challenges of an uncertain future. The Department of the Navy is working to increase efficiency by implementing force shaping tools to target manpower reductions, and by defining the skill-mix of the force to capitalize on new technologies and conduct new missions.

Ensure the Correct Endstrength.—To facilitate transformation, the Navy strength will decrease by 12,000 in fiscal year 2007 to 340,700. The budgeted Navy endstrength reflects a commitment to proper sizing and includes the following initiatives:

- “Sea Swap” rotational crews for smaller ships.
- Decommissioning of older, manpower intensive platforms.
- Improved use of technology to reduce shipboard manning and shorten training pipelines.
- Conversion of military to civilian, as appropriate. This includes the continued conversion of billets on selected Military Sealift Command ships and in medical facilities in rear areas or ashore.

The Marine Corps is realigning within its endstrength to ensure continued readiness to sustain combat capabilities. The Marine Corps is utilizing selected Marine Corps Reserve units and individual augmentees as necessary to maintain essential wartime capability. Baseline funded Marine Corps manning levels for Active and Reserve forces remain the same in fiscal year 2007 at 175,000 and 39,600 respectively.

Develop a Force with the Skills Required for the Future.—Future force attributes such as foreign language skills, cultural awareness, mastering technology and cyberspace, together with traditional warfighting skills will be critical to the Navy and Marine Corps. The Navy is expanding the Foreign Area Officer (FAO) program that will form a professional cadre of officers with regional expertise and language skills to provide support to Fleet Commanders, Combatant Commanders, and Joint staffs. The immediate mission for the community is to rapidly improve the Navy’s ability to conduct theater security cooperation, improve partner capacity in GWOT, and generate actionable intelligence. These personnel will work in complex environments in remote locations and will forge personal relationships that could be useful during times of crisis.

The Marine Corps Center for Advanced Operational Culture Learning (CAOC-L) is the Corps’ “one-stop” clearing house for operational culture and language training. Through focused training for the operating forces, individual training and Professional Military Education, distance learning, and professional reading, it promotes a grasp of culture and language as regular, mainstream components of the operating environment—the human terrain—throughout the full spectrum of military operations.

The Marine Corps is establishing a Marine Corps Special Operations Command (MARSOC) as a component of the U.S. Special Operations Command (USSOCOM).

MARSOC will enhance Marine Corps and USSOCOM interoperability and provide greater flexibility with increased capability to fight non-traditional threats. The mission of MARSOC headquarters will be to organize, man, train, and equip Marine Special Operations Forces. The command's subordinate units will provide training to foreign military units and perform specific special operations missions such as: direct action, special reconnaissance, counterterrorism, and foreign internal defense. MARSOC will be organized into three subordinate elements with an authorized strength of 2,600 Marines and Sailors. The current plan calls for IOC during the fall of 2006 and a full operational capability by 2010.

Active/Reserve Integration.—Active Reserve Integration (ARI) aligns Reserve Component (RC) and Active Component (AC) personnel, training, equipment, and policy to provide a more effective and efficient Total Force capable of meeting dynamic National Defense requirements.

The Navy is currently aligning RC and AC units to better meet Operation Iraqi Freedom and Operation Enduring Freedom requirements and the Navy's vision for our future force structure. RC Helo-Combat Support (HCS) forces will be integrated into AC Helo, RC and AC Explosive Ordnance Disposal (EOD) units are being integrated and two RC Navy Coastal Warfare Units (NCW) are being converted to AC. The Navy established integrated Operation Vigilant Mariner units providing vessel security, as well as Expeditionary Training Teams improving multinational capabilities.

The Navy is studying the role of the RC in future Navy mission areas of Riverine Warfare and Civil Affairs. Ongoing initiatives to meet Operation IRAQI FREEDOM and Operation ENDURING FREEDOM Provisional Unit requirements, AC and RC Sailors are working together to fill billets in Civil Affairs, Detainee Operations, Intelligence, and Reconstruction Team efforts.

Implement the National Security Personnel System (NSPS).—NSPS is a new civilian personnel system, designed to meet the DOD national security challenges of the 21st Century. NSPS will strengthen the ability to accomplish the Department's mission in an ever-changing national security environment. NSPS accelerates efforts to create a total force (active military, Reserve, Guard, civilian, and contractors), operating as one cohesive unit, with each performing the work most suitable to their skills. NSPS will provide a human resources system that appropriately recognizes and rewards employees' performance and the contributions they make to the Department's mission.

CHANGING THE WAY WE FIGHT

The Department of the Navy continues to transition to a force more capable of winning wars, deterring aggression, preserving the high seas, and securing the maritime domain, while ensuring access and sustainability of the Joint Warfighting Team in the blue, green, and brown water arenas. The Navy and Marine Corps team will continue to transform in response to a new force planning construct as articulated in the 2006 QDR. Naval forces will use the sovereignty of the sea and enhanced networked joint Sea Basing to operate without restrictions. The Department's Sailors, Marines, and Civilians will leverage innovative concepts, advanced technologies, and new business practices to increase warfighting effectiveness.

Meeting Future Challenges.—Naval forces will engage potential adversaries as far from the United States and our interests as possible, and during times of crisis will form the leading edge of America's response. The ability of our forces to embrace and prevail in a future characterized by unrestricted warfare and uncertainty will be essential to mission success. The enduring role as our Nation's sea-based force will require that the Navy and Marine Corps Team provide access, fight and win, and continually transform.

Strengthening Joint Concepts and Operations.—The Navy and Marine Corps Team is committed to strengthening and refining concepts and operations as part of the Joint fight. From combat operations in Iraq, to stability operations in the Horn of Africa, to counter-drug operations in the Caribbean, naval forces are increasingly working in concert with other uniformed services and government agencies. Joint acquisition of weapon systems and C4ISR capabilities will increase interoperability and effectiveness while reducing costs. The vision for joint maritime forces, to include the Coast Guard, is a networked fleet that is more capable of projecting naval power in the brown and green waters of coastal areas.

Enhancing Navy's Role in Ballistic Missile Defense (BMD).—National Security Presidential Directive 23 identifies the Navy's role in BMD. That role is to support and ultimately field the maritime elements of the BMD system to support detection, tracking, and engagement of ballistic missile threats in all phases of flight. The Aegis BMD system contributes to the overall plan by providing the capability for

Navy surface combatants, on-station near any area of concern, to detect missile launches, as well as cue and provide fire-control quality tracking information to ground-based interceptors. Additional capabilities to provide area defense by intercepting short- and medium-range ballistic missiles are being delivered to the fleet. USS LAKE ERIE (CG 70), the dedicated BMD test ship, has executed six successful flight tests of the SM-3 missile in seven attempts since 2002. The next test flight is scheduled for June 2006. The Aegis BMD capability has been installed on 12 ships: 2 cruisers (engagement capable), and 10 destroyers (long-range surveillance and tracking capable). By demonstrating the ability to track long-range ballistic missiles, and developing plans to demonstrate a sea-based engagement capability, the Aegis fleet has paved the way for the Navy to play a significant role in the nation's missile defense.

Define Future Force Structure/Capability.—The fiscal year 2007 President's budget supports a larger, more capable naval force structure to meet joint warfighting requirements, presence missions, and GWOT demands. The budget provides for an increase in overall force structure, as well as a significant increase in capability. The annual investments in this budget support the growth of naval forces across the FYDP and lay the foundation for the force structure outlined in the Annual Long Range Plan for Construction of Naval Vessels for Fiscal Year 2007. The plan is to build to a target force structure based on our best estimate of the requirements. The number of ships and types of ships in this target force structure will evolve over time. The Department intends to maintain near term stability to allow proper workforce, process, and capital end product planning. Based on Navy analysis, the capability required to support the QDR Force Planning Construct is about 313 ships of a mix as defined in the long range shipbuilding plan, providing capabilities that will make the fleet even more agile, fast, persistent, and lethal.

Surface Platforms.—The fiscal year 2007 shipbuilding plan supports the Navy's vision of a new generation of ships with higher speed, more persistence and precision, and reduced manpower and life cycle costs. The Navy's challenge is to build a fleet of the future that possesses the capability and capacity to meet joint demands for naval forces across the spectrum of operations from major combat operations to humanitarian assistance and disaster relief. The Department, through the Defense Planning Guidance, and QDR, has defined the required capabilities for the joint force through 2020. The fiscal year 2007 President's budget provides for seven new ships. The total number of new ships across the FYDP is 51, an increase of 3 ships from last year's budget projection.

—*CVN 21.*—Aircraft Carriers remain the premier asset for rapid crisis response and early decisive striking power in major combat operations. CVN 21 balances improved warfighting capability and quality of life improvements for the crew, with reduced acquisition and life cycle costs. Efficient nuclear propulsion, electromagnetic aircraft launch system, advanced arresting gear, and a three fold increase in electrical generating capacity will enable CSGs to provide forward presence, rapid response, endurance on station, and multi-mission capability. Construction of the lead ship (CVN 78) will cost \$10.5 billion, of which \$2.4 billion is non-recurring. Advanced procurement funding of \$784 million is requested in fiscal year 2007 for CVN 78 and CVN 79. New technology development is on track and component testing is in progress. Steel was cut on the first advanced construction hull unit on April 2005, with the lead ship due to be delivered in fiscal year 2015 to replace USS ENTERPRISE (CVN 65).

—*DD(X).*—The DD(X) is the Navy's next generation destroyer. It is designed as a multi-mission surface combatant tailored for land attack and littoral dominance by providing persistent volume fires with high survivability. Under the "Dual Lead Ship" strategy, Northrop Grumman Ship Systems and General Dynamics-Bath Iron Works will each build a lead ship to the common design. The funding for these ships will be split between the fiscal year 2007 and fiscal year 2008 budgets.

—*Littoral Combat Ship (LCS).*—The LCS will be a fast, agile and networked surface combatant with capabilities optimized to assure naval and joint force access into contested littoral regions. Two ships are currently under construction with delivery of the first LCS, designated USS FREEDOM, scheduled for fiscal year 2007. A total of 23 LCS ships will be procured between fiscal year 2007 and fiscal year 2011. LCS is designed with a speed goal of over 40 knots at full displacement in sea state 3 to help defeat anti-surface threats. It will possess inherent capabilities to conduct missions supporting special operations, maritime interception and homeland defense. The LCS sea frame is designed to be outfitted with reconfigurable payloads that can be changed out quickly. This modular design feature will provide the flexibility required to adapt to the uncertainty of the future.

- San Antonio Class Amphibious Transport Dock Ship (LPD 17)*.—USS SAN ANTONIO (LPD 17) was commissioned on January 14, 2006. LPDs 18 and 19 have been launched, and LPDs 20 and 21 keels have been laid and are in full production. Contract awards for LPDs 22–24 are expected in the 2nd quarter of fiscal year 2006. LPD 17 is an amphibious transport dock ship that functionally replaces the LPD 4, LSD 36, LKA 113, and LST 1179 Classes of amphibious ships for embarking, transporting and landing elements of a Marine force by helicopters, landing craft, amphibious vehicles, and by a combination of these methods. Its unique design will facilitate expanded force coverage and decreased reaction times of forward deployed Marine Expeditionary Units. In forcible entry operations, LPD 17 will help maintain a robust surface assault and rapid off-load capability for the Marine Air-Ground Task Force (MAGTF) far into the future.
- Maritime Preposition Force (Future) (MPF(F))*.—MPF(F) will transform the Maritime Prepositioned Ships-supported MEB from an ashore fighting unit to one that can operate continuously from a sea base without the need for support from land. The MPF(F) family of ships will advance the capability of seabasing to support a wide spectrum of Joint force operations.
- The fiscal year 2007 budget provides for procurement of one Dry Cargo and Ammunition Ship (T-AKE) in the National Defense Sealift Fund (NDSF). This will be the tenth ship of the class. The NDSF budget also includes funding for the development of future seabasing ships. The MPF(F) squadron of ships, a central part of the Sea Base operational concept, leverages current designs and production lines where possible. MPF(F) new construction commences in fiscal year 2009 and includes one T-AKE variant and one Mobile Landing Platform (MLP).
- Amphibious Assault Ship (Replacement) (LHA(R))*.—The President's budget for fiscal year 2007 includes \$1.1 billion for the LHA(R) program. LHA(R) will replace four aging LHA Class ships that will reach the end of their extended service life in 2011. The LHA(R) will be a modified LHD 1 Class, Amphibious Assault Ship variant designed to leverage capabilities inherent in the JSF and MV-22. A four-ship LHA(R) shipbuilding program is needed to maintain future power projection and forward deployed combat capabilities of the Navy and Marine Corps. As noted in the October 23, 2004 LHA(R) Report to Congress, the requirement for four ships is based on the current force structure (four LHAs being replaced by four LHA(R)s, with two of the four going to the MPF(F) squadron). LHA(R)s will include a significant increase in aviation lift, sustainment, and maintenance capabilities, spaces for a Marine Expeditionary Brigade, Amphibious Group, or small-scale Joint Task Force (JTF) staff, a dramatic increase in service life allowances for new-generation Marine Corps systems, and substantial survivability upgrades.

Submarines

SSN: Virginia-Class Nuclear-Powered Attack Submarine.—Exceeding expectations and meeting all mission requirements, SSN 774 completed its first deployment in 2005, 14 months before its planned November 2006 Initial Operating Capability (IOC). Fiscal year 2007 funds the fourth of five submarines under a multi-year procurement contract awarded in January 2004. A total of 10 ships have been ordered. Our intent is to increase the production rate to two attack submarines per year starting in fiscal year 2012.

SSGN: Nuclear-Powered Guided-Missile Submarine.—The first of four OHIO class Trident fleet ballistic missile submarine, USS OHIO (SSGN 726), completed the conversion process to launch Tomahawk missiles, completed sea trials, and returned to fleet service on February 7, 2006. The other three are scheduled to return to fleet service by September 2007. These submarines can carry up to 154 Tomahawk land-attack missiles and have the ability to conduct large-volume strikes with the surprise inherent in submarine operations. The SSGN has the capability to support a SOF contingent for an extended period of time, providing clandestine insertion and retrieval via built-in lockout chambers and dry deck shelters.

Aviation Platforms

The fiscal year 2007 budget sustains aviation superiority for the Navy and Marine Corps and emphasizes capability-based investment strategies, new warfighting concepts, and enabling technologies. The Navy and Marine Corps tactical air integration plan continues to reduce the total number of new aircraft needed to maintain naval air superiority. The fiscal year 2007 budget provides robust development funding for the F-35 JSF, MV-22, EA-18G, P-8A Multi-Mission Maritime aircraft (MMA), E-2D, CH-53K, VH-71 Presidential Support Helicopter, and JUCAV unmanned aircraft. The budget continues to maximize the return on investment, pri-

marily through the use of multi-year procurement contracts for the F/A-18E/F, EA-18G, E-2C, MH-60S/MH-60R, and KC-130J. Additionally, the fiscal year 2007 budget demonstrates the Department's continuing commitment to developing, acquiring, and fielding transformational Unmanned Aerial Vehicle (UAV) technologies for intelligence, surveillance, reconnaissance, and tactical missions. The budget includes funding for the Fire Scout for deployment on LCS ships, and the Broad Area Maritime Surveillance (BAMS) UAV.

F-35 Joint Strike Fighter (JSF).—The fiscal year 2007 President's budget requests \$2.28 billion for the JSF. The first flight of the Conventional Takeoff and Landing (CTOL) variant is scheduled for August 2006; the first operationally ready carrier-based JSF squadron enters the fleet in 2013. The JSF will provide the Navy and Marine Corps with long-range, stealthy striking power from CVNs, large deck Amphibious Assault Ships (LHA/LHD, LHA(R)), and airfields. JSF variants will provide Naval Aviation with a 21st Century multi-mission tactical strike fighter, replacing the AV-8B, F-14, and the older F-18A/B/C/D airframes. Jointly developed with the Air Force and 8 other countries, the JSF is in its 5th year of development. The Marine Corps is pursuing the STOVL (Short Take-Off/Vertical Landing) version, while the Navy will purchase a follow-on CV (Aircraft Carrier) variant. High commonality between the variants will reduce both acquisition and operating costs. It has been concluded that a single engine supplier provides the best balance of risk and cost. The maturity of technology as demonstrated with the engine development of the F/A-18E/F and F-22 indicate that sole source risks are modest and acceptable. Canceling development of the alternate source engine program will save \$1.8 billion through fiscal year 2011.

MV-22 Osprey.—The fiscal year 2007 President's budget contains \$1.5 billion for 14 aircraft. The MV-22 completed OPEVAL in 2005 and will reach its Initial Operating Capability (IOC) in 2007. Block A and Block B aircraft have been procured to support developmental testing, OPEVAL, training and initial fleet fielding. In full rate production, the aircraft procurement rate will ramp up to 37 aircraft per year. The program of record includes 360 MV-22s for the Marine Corps and 48 for the Navy. The demands of GWOT and modernization of our Expeditionary Warfare capabilities have increased the urgency to rapidly field the MV-22 Osprey. Its design incorporates advanced technologies in composite materials, survivability, airfoil design, fly-by-wire controls, digital avionics and manufacturing. The MV-22 is capable of carrying 24 combat-equipped Marines or a 10,000-pound external load, and has a strategic self-deployment capability of 2,100 nautical miles with a single aerial refueling. It is vastly superior to the CH-46E it replaces, with twice the speed, three times the payload, and six times the range. The V-22 Osprey, as a joint platform for the Navy, Marine Corps, and Air Force is providing significant opportunities for joint training, tactics development, and mission execution.

E/A-18G Growler.—The fiscal year 2007 budget includes \$0.9 billion for 12 EA-18Gs. The critical design review for the EA-18G was successfully completed in April 2005. The aircraft has completed its second year of system development and demonstration, is on cost, on schedule, and meeting performance standards. The EA-18G Growler will replace the EA-6B Prowler, providing full-spectrum electronic attack to counter enemy air defenses and communication networks. Many of the systems provided with the EA-18G will fulfill the Navy role in the Joint force in providing advanced technology to strengthen electronic warfare capabilities. As a tactical aircraft, its expanded flight envelope offers much greater speed, altitude, and maneuverability. The EA-18G will maintain a high degree of commonality with the F/A-18F, retaining the strike fighter and self-protection capabilities, while providing air-to-air self-escort to free other assets for strike-fighter tasking.

P-8A Multi-Mission Maritime Aircraft (MMA).—President's budget for fiscal year 2007 requests \$1.13 billion for continued development of the MMA program. The program has successfully completed the system requirements review, system functional review, preliminary design review, and has entered the detailed design phase. The MMA will replace the P-3C Orion aircraft, which has reached the end of its service life. The MMA's transformational architecture will integrate its onboard mission suite with UAVs, satellite systems, and other external sensors to assure maritime access.

E-2D Advanced Hawkeye.—The President's budget for fiscal year 2007 provides \$498 million for the E-2D Advanced Hawkeye program that replaces the older E-2C. Utilizing new state-of-the-art radar, open architecture processing systems, and other critical surveillance systems, the E-2D provides a two-generation leap forward in capability. The Advanced Hawkeye also adds improved surface and air search, air traffic control and communications, search and rescue coordination, and battle management capabilities. The E-2D completed critical design review in October

2005. The first test aircraft's flight is on track for fiscal year 2007, with Initial Operating Capability (IOC) expected in fiscal year 2011.

CH-53K Heavy Lift Helicopter Replacement.—The President's budget for fiscal year 2007 provides \$363 million for the continued development of the CH-53K program. The current Marine Corps heavy-lift aircraft, the CH-53E, has experienced significant operational wear, interoperability, and maintenance supportability challenges. In order to support the Marine Air-Ground Task Force (MAGTF) and the Joint Task Force (JTF) in the 21st century joint environment, the CH-53K will maintain the Marine Corps' heavy-lift capability. Major systems improvements include larger and more capable engines, expanded gross weight airframe and drive train, advanced composite rotor blades, modern interoperable cockpit, external and internal cargo handling systems, and improved survivability. The CH-53K will be capable of externally lifting 27,000 pounds, more than double the current CH-53E ability under similar conditions. Additionally, the CH-53K will be capable of carrying 30 combat-loaded troops. Initial Operating Capability (IOC) is planned for fiscal year 2015.

F/A-18E/F Super Hornet.—The President's budget for fiscal year 2007 provides \$2.3 billion for 30 aircraft. The F/A-18E/F Super Hornet continues to be the centerpiece of Navy combat aviation. Enhanced warfighting capability investments for the F/A-18E/F introduce a transformational radar, helmet-mounted sight, advanced targeting pod, and fully integrated weapons system. Significant improvements in combat range, payload, survivability, and growth capacity make the F/A-18E/F the dominant strike-fighter well into the 21st century. The F/A-18E/F is replacing the F-14 and early model F/A-18s. Lethality, flexibility, reliability, and survivability of the F/A-18E/F make it the right aircraft to fulfill a wide range of future missions.

MH-60R/MH-60S Seahawk Multi-Mission Combat Helicopters.—The President's budget for fiscal year 2007 provides \$915 million for 25 MH-60R and \$548 million for 18 MH-60S models. Successful OPEVAL of the MH-60R was completed in September 2005 and the first four helicopters were delivered to the fleet in December 2005. The MH-60S was approved for full-rate production in August 2002 and is currently undergoing scheduled block upgrades for combat and airborne mine counter-measure missions. The Navy plans to acquire 271 MH-60S models. MH-60R/S platforms are produced with 85 percent common components to simplify maintenance, logistics, and training.

KC-130J Hercules Tactical Tanker and Transport.—The fiscal year 2007 President's budget provides \$299 million for the procurement of 4 KC-130Js. The KC-130J is replacing the Marine Corps' aging fleet of KC-130Fs and KC-130Rs. The KC-130J will include warfighter modifications such as the addition of aircraft armor, upgrading the aviation survivability equipment suite, and improved in-flight refueling pods. Twenty-one aircraft have been delivered to date, with Marines making the first combat deployment of six KC-130Js in February 2005. The Program of Record for the KC-130J is 51 aircraft.

Unmanned Aerial Vehicles (UAV).—The Department is investing in a family of advanced UAVs. Systems such as the Fire Scout and the Broad Area Maritime Surveillance Unmanned Aircraft System (BAMS UAS) contain a variety of advanced sensors to give warfighters immediate actionable intelligence, and in the case of armed UAVs, the ability to strike targets that appear for a fleeting moment.

—*Fire Scout*—The President's budget for fiscal year 2007 provides \$38 million for 4 Fire Scout UAVs and \$105 million for Fire Scout development. The Fire Scout Vertical Takeoff and Landing Tactical UAV (VTUAV) is designed to carry modular mission payloads and operate using the Tactical Control System (TCS) and Tactical Common Data Link (TCDL). Fire Scout will provide day/night real time intelligence, surveillance, reconnaissance, and targeting as well as communications relay and battlefield management capabilities to support LCS mission areas.

—*Broad Area Maritime Surveillance Unmanned Aircraft System.*—The fiscal year 2007 President's budget provides \$26.4 million for the development of the BAMS UAS program. BAMS UAS is integral to the Navy's Intelligence, Surveillance, and Reconnaissance (ISR) recapitalization strategy providing a persistent, maritime, worldwide ISR capability. BAMS will consist of unmanned aircraft, payloads and ground/shipboard systems. The BAMS program will meet the Navy requirement for a persistent ISR capability, and address the enhanced maritime surveillance capability. Initial Operating Capability is expected in fiscal year 2013.

Marine Corps Equipment

Expeditionary Fighting Vehicle (EFV).—The fiscal year 2007 President's budget includes \$266 million for procuring 15 EFVs. The EFV will be the primary means

of tactical mobility for the Marine rifle squad during combat operations. As a self-deploying, high speed, armored amphibious vehicle, the EFV is capable of transporting 17 combat-loaded Marines from ships located beyond the horizon to inland objectives. The EFV program is in the Systems Development and Demonstration (SDD) phase of the acquisition process with IOC scheduled for 2010. The Milestone C Operational Assessment began on January 16, 2006, and is being conducted with four SDD vehicles (three personnel (P) variants and one Command & Control (C) variant). An additional five SDD vehicles are undergoing extensive Reliability, Availability and Maintainability testing to grow vehicle reliability in support of LRIP. Certain operational assessment phases will occur three months later than planned to synchronize with the return from Iraq of the unit designated to participate. This will result in the Milestone C Operational Assessment being completed in August 2006, and the Milestone C decision in December 2006. This schedule change does not breach the program baseline, and will not affect the fiscal year 2007 budget request.

Lightweight Howitzer.—The fiscal year 2007 budget provides \$94 million to procure 34 M777A1 Lightweight Howitzers. The M777A1, through design innovation, navigation and positioning aides, and digital fire control, offers significant improvements in lethality, survivability, mobility, and durability over the M198 howitzer. The Marine Corps received the first of 356 new howitzers in April 2005.

Internally Transportable Vehicle (ITV).—The ITV program is a Marine Corps-led joint program with the U.S. Special Operations Command to field an assault vehicle supporting expeditionary maneuver warfare and over-the-horizon amphibious operations. The ITV will provide MAGTF combat units with a vehicle that fits internally in the CH-53 and MV-22 aircraft. IOC is scheduled for September 2006, when a selected infantry battalion receives eight ITVs.

Light Armored Vehicle Product Improvement Program (LAV PIP).—The fiscal year 2007 budget includes \$26 million for the LAV PIP program, which will extend the service life through 2015, improve the readiness, survivability, and sustainability of these vehicles, and reduce the LAV fleet's operations and support costs. The extension program includes a block of vehicle upgrades, incorporating a next generation improved thermal sight system, and thermal and visual signature-reduction kits.

IMPROVING BUSINESS PRACTICES

Providing Sailors, Marines, and Department of the Navy civilians with high quality facilities, information technology, and an environment to achieve goals are fundamental to mission accomplishment. As the QDR states, this will demand a revolution in management, technology and business practices to reduce redundancies and ensure the efficient flow of businesses processes. The Navy and Marine Corps Team are implementing continuous improvement initiatives consistent with the goals of the President's Management Agenda. These improvements enable realignment of resources to increase our output and re-capitalize our force. The cornerstone of the continuous improvement effort is the implementation of industry proven Lean Six Sigma efficiency methodologies in day-to-day operations. The Department of the Navy will continually evaluate systems and processes to optimize their responsiveness.

Efficiently Implement BRAC 2005 Decisions.—The BRAC process has been a major tool for reducing the domestic base structure and generating savings. Continuing to balance the Department's force and base structures by eliminating unnecessary infrastructure is critical to preserving future readiness. The fiscal year 2007 budget reflects a fully financed implementation program that completes all closures and realignments within the statutory six-year implementation period. In fiscal year 2010 and beyond, annual savings exceed annual costs, and the Department will see a positive return on investment.

Actively Foster Department of the Navy Business Transformation.—The Department is transforming people, processes and systems, and aggressively adopting proven best commercial practices to support business transformation objectives. Initiatives will complement each other, resulting in better-controlled, integrated and automated processes that deliver more accurate, reliable, and timely financial management information. The goal of the Department's business process transformation is to provide reliable, accurate, and timely business intelligence, supporting resource efficiency and sound business decisions. It will involve building a modern, integrated, automated environment within the DOD architecture. The Department's business transformation continues to evolve, providing the framework within which future business processes will operate.

Since 2002, the Navy and Marine Corps have integrated their tactical aircraft to reduce excess capacity and provide equal or greater combat capability with fewer

resources. Efficiencies gained through integration, and investing in more capable aircraft (F/A-18E/F Super Hornets and F-35 Joint Strike Fighters) allows the Navy and Marine Corps to reduce the number of active and Reserve squadrons while continuing to provide flexible, responsive, and interoperable forward deployed combat air power. It also allows for reduction in the sustainment, maintenance and training requirements, providing Operations & Maintenance savings to be invested in more pressing areas.

The Department will continue to be aggressive in pursuing new business initiatives that will make the Navy and Marine Corps more efficient, effective and responsive.

Optimize Management of Naval Installations, including Environmental Stewardship

Building the Navy and Marine Corps' future shore infrastructure requires the "right bases" in the "right places" with the "right capabilities" at the "right price." The Commander of Naval Installations is providing the mechanism for senior Navy leadership to guide planning ashore in support of operations afloat through Navy Ashore Vision (NAV) 2030. This document develops the first set of guiding principles to help leadership plan and execute basing and investment strategies. NAV 2030 provides an agile foundation to size and locate ashore infrastructure. It capitalizes on innovation and effectiveness to sustain fleet readiness and reduce cost. Success in realigning and revitalizing the shore infrastructure is vital to our future Navy. We must capitalize on joint basing opportunities with our sister services to consolidate support delivery, reduce duplication, and improve operational efficiency while enhancing combat effectiveness.

Regionalization of Marine Corp installations will bring all Marine bases and stations, with the exception of recruit training depots, under the purview of five Marine Corps Installation Commands. This transformation will provide optimal warfighter support, improve alignment, enhance use of regional assets, return Marines to the Operating Forces, and reduce costs.

Utilize Information Technology to Improve Efficiency and Effectiveness.—Information Technology (IT) is critical to providing secure, accessible, timely and accurate information needed for the 21st century Navy and Marine Corps Team. By integrating national security, business and war fighting systems, we will reduce redundancies, inefficiencies, and time-critical delays across the Department. The use of standardized, open architecture protocols and equipment reduces costs, enhances flexibility, and improves network security. Today, the Navy and Marine Corps Intranet (NMCI) is serving over 600,000 users and supporting critical business and combat support applications. During fiscal year 2006/2007 we will complete the deployment of NMCI seats, transition legacy systems and servers to NMCI, shutdown the vast majority of our legacy networks, and seamlessly integrate the sea and shore networks to provide one secure high performance environment for our next generation of combat, combat support and business operations.

CONCLUSION

The Navy and Marine Corps Team is proudly serving our Nation, answering the call to protect America and her strategic interests. In preparing for the future we will not overlook the present. The fiscal year 2007 President's budget request is about both prevailing in today's wartime environment and bridging to a successful future. We are confident in our warfighting success and contribution to the joint force today and will improve it with the investments of this budget. As we commit to being responsible stewards of the American treasure, both in lives and in dollars, we set a course to do our share to win our Nation's wars and prepare to meet future challenges.

Our Sailors and Marines are bearing the burden of today's war. More than just forward deployed, they are continuing to make sacrifices in defense of liberty. They are performing superbly, bringing honor and renown to the naval service. These proud warriors deserve not only the accolades and laurels of a grateful nation, but our full measure of support as they continue to serve in defense of the United States.

In supporting the funding decisions outlined in the fiscal year 2007 President's budget request, the Congress will continue to provide the Department of the Navy the right force for the Nation today, while preparing for the uncertainties of tomorrow. We are grateful for the unwavering support that Congress has given the Navy and Marine Corps in the past, and we appreciate its clear intent to ensure our strategic readiness for any future contingency. Its continued support is critical to our nation's security and to our ability to meet America's global responsibilities.

On behalf of every Sailor and Marine in today's naval forces and the warriors who will serve tomorrow, I thank the Congress for its continued support of and confidence in the United States Navy and the United States Marine Corps.

BIOGRAPHICAL SKETCH OF HONORABLE DONALD C. WINTER

Donald C. Winter is the 74th Secretary of the Navy, sworn into office on January 3, 2006. As Secretary of the Navy, Dr. Winter leads America's Navy and Marine Corps Team and is responsible for an annual budget in excess of \$125 billion and almost 900,000 people.

Prior to joining the administration of President George W. Bush, Dr. Winter served as a corporate vice president and president of Northrop Grumman's Mission Systems sector. In that position he oversaw operation of the business and its 18,000 employees, providing information technology systems and services; systems engineering and analysis; systems development and integration; scientific, engineering, and technical services; and enterprise management services. Dr. Winter also served on the company's corporate policy council.

Previously, Dr. Winter served as president and CEO of TRW Systems; vice president and deputy general manager for group development of TRW's Space & Electronics business; and vice president and general manager of the defense systems division of TRW. From 1980 to 1982, he was with the Defense Advanced Research Projects Agency as program manager for space acquisition, tracking, and pointing programs.

The Secretary of the Navy is responsible for all the affairs of the Department of the Navy, including recruiting, organizing, supplying, equipping, training, mobilizing, and demobilizing. The Secretary also oversees the construction, outfitting, and repair of naval ships, equipment and facilities. The office is also responsible for the formulation and implementation of naval policies and programs that are consistent with the national security policies and objectives established by the President and the Secretary of Defense. The Department of the Navy consists of two uniformed Services: the United States Navy and the United States Marine Corps.

Dr. Winter earned a bachelor's degree (with highest distinction) in physics from the University of Rochester in 1969. He received a master's degree and a doctorate in physics from the University of Michigan in 1970 and 1972, respectively. He is a 1979 graduate of the USC Management Policy Institute, a 1987 graduate of the UCLA Executive Program, and a 1991 graduate of the Harvard University Program for Senior Executives in National and International Security. In 2002, he was elected a member of the National Academy of Engineering.

Senator STEVENS. Thank you. Admiral, do you have a statement?

Admiral MULLEN. Yes, sir. Mr. Chairman, Senator Inouye, Chairman Cochran, and distinguished members of this subcommittee, I thank you, as well, for the opportunity to appear before you today.

Senator Inouye, if I may sir, on behalf of the United States Navy, allow me to extend to you my deepest and most heartfelt sympathies for the loss of your wife Maggie. Please know that Deborah and I, as well as all sailors everywhere, keep you and your family in our thoughts and prayers. Her loss is this Nation's loss.

Mr. Chairman, I'm honored to appear here as a part of the Navy and Marine Corps leadership team, and it truly is a team.

General Hagee and I have known each other a very long time, all the way back to our days together at the Naval Academy. He's a friend, a mentor, someone I would gladly call shipmate, and I feel honored to have this chance to serve so closely with him again.

I'm also honored to be here alongside our new Secretary. Secretary Winter has certainly hit the deckplates running, as we like to say, and has already made a lasting impression on our Navy men and women. We are better for his leadership.

Mr. Chairman, I'd like to leave you with three thoughts this morning. First, your Navy's actively engaged across the globe. More than 100 of your ships and submarines, and over 36,000 sailors are forward deployed right now. More than half those men and

women—some 22,000—are serving in the Central Command theatre, and half of that number are on the ground in combat and combat support roles.

I too, have traveled much of these first 8 months as CNO, spending time with sailors at sea and ashore as well as their families. I've seen them take the fight to the enemies of freedom on the streets of Baghdad, the waters of the Arabian Gulf, and in the Horn of Africa, watched them build base camps in the vast open stretches of western Iraq, and stand watch over the sources of that country's burgeoning economy.

I stood next to them at the demilitarized zone (DMZ) in Korea, listened to them encourage one another as they rebuild cities and towns devastated by natural disasters overseas, and here, on our own gulf coast, and pinned medals on the chests of doctors and corpsmen who risked life and limb to save the lives and limbs of others.

Your sailors are chasing pirates, flying ground support missions from carriers and finding and apprehending terrorist leadership, while training our allies to do the same.

They will be pitching in even more. A Navy admiral takes command of the detainee operation in Guantanamo Bay this month. We will soon take command of the Joint Task Force in the Horn of Africa. Naval officers will soon lead 6 of the 12 U.S. led Provincial Reconstruction Teams in Afghanistan.

There's incredible talent in our Navy. Our sailors have character and resolve and hold themselves and their shipmates to high standards. I'm enormously proud of them and their families, and grateful for their service at this critical time in our history, and they are ready.

Second, we know we must work hard to stay ready. During my confirmation hearing last April, I identified three challenges facing our Navy: I need to sustain combat readiness, the need to build the right force for the future, and the need to transform our manpower and personnel system.

Everything I've seen these last 8 months has only convinced me further that sea power in this century is taking on a whole new meaning, and that these are exactly the right priorities.

What I seek is balance. We must be able to win the big and the small wars. Two challenges, one fleet.

Our fiscal year 2007 budget request, like the Quadrennial Defense Review (QDR) itself, helps provide that balance. It funds a continued increase in investment over the future years defense plan and boosts procurement by over \$2 billion over the last year, supporting the development of more capable and more efficient technologies, funds our operation and maintenance accounts, and through pay raises and other incentives helps us to attract and retain that wonderful talent of which I spoke.

Our long-range ship building plan submitted with this budget, likewise strikes a balance between near- and long-term requirements. The fleet today stands at 281 ships—not enough in my view to deliver the joint warfighting capabilities the combatant commanders will need over the course of this long war.

Our plan, centered on 11 aircraft carriers with a fleet of about 313 ships, affordably meets these needs for the good of the Navy,

for the good of the Nation and for the good of our allies and partners.

We get a good start in 2007, building 7 new ships across five classes—3 of them new classes, I might add, while moving the count up to 285.

And that brings me to point number three, Mr. Chairman. Only through your support and the continued, longstanding support of this subcommittee and the Congress can we really succeed.

In this very month of March back in 1794 Congress authorized the construction of six new frigates. It was a risky vote. Longer and broader than traditional frigates, the ships design by Joshua Humphries featured an oddly angled hull curving inward from the waterline, unusually flush decks, and several feet of extra beam. Critics deemed them ungainly. And yet they shone against the French in 1799, the Barbary pirates in 1804, and the British in the war of 1812. They ushered in a new age of fighting sail.

The greatest of them, the U.S.S. *Constitution*—moored today in Boston—remains our oldest commissioned warship and a symbol of both America's independence and her ingenuity.

The new warships we intend to build with your support, DD(X), CVN-21, Virginia-class attack submarine, and the Freedom-class littoral combat ships, will likewise usher in a new era of sea power and advance America's heritage of ingenuity in defense of liberty.

PREPARED STATEMENT

I thank you again for that support, for your time today, and for your commitment to the men and women of the United States Navy. They and their families are the best I've ever seen.

On their behalf, I stand ready to answer your questions.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL MICHAEL G. MULLEN

Mr. Chairman and members of the Committee, it is a privilege for me to appear before you today, and it is with pride and humility that I address you for the first time since becoming the Chief of Naval Operations in July of last year. In November of 2005 our service celebrated 230 years of honor, courage, and commitment to the ideals that make our country a beacon of freedom and democracy spanning the world's waterways. The greatest honor I will ever have is to serve and represent the Sailors and civilians—the people—who are your United States Navy.

During my confirmation testimony last April, I identified three challenges facing our Navy: the need to sustain combat readiness at a high level; the need to build a Navy capable of meeting the most demanding future threats; and the need to transform our manpower and personnel system to better serve and to be more responsive to our people.

Having now been in the job for a little more than six months, I have visited our Fleet, have observed numerous operations at home and overseas, participated in the comprehensive Quadrennial Defense Review, and met with the Chiefs of many foreign navies. This has helped shape my perspective of our Navy today and where I believe we need to go in the future. It has also validated the challenges I identified last April as the right priorities upon which we must focus. It is my belief that the QDR and our fiscal year 2007 budget are the first steps toward establishing this critical balance between maintaining current readiness, building a future Navy, and serving our people. Your Navy remains first and foremost a warfighting, seagoing service.

This budget:

—Sustains combat readiness—with the right combat capabilities—speed, agility, persistence, and dominance—for the right cost.

- Builds a fleet for the future—balanced, rotational, forward deployed and surge capable—the proper size and mix of capabilities to empower our enduring and emerging partners, deter our adversaries, and defeat our enemies.
- Develops 21st Century leaders—inherent in a strategy which, through a transformed manpower, personnel, training and education organization, better competes for the talent our country produces and creates the conditions in which the full potential of every man and woman serving our Navy can be achieved.

Our future Navy will ensure access and sustainability of the Joint Force in blue, green, and brown waters through globally distributed and networked operations. It will do so in partnership with the Marine Corps, and will be symbiotic with the Coast Guard, as envisioned in the President's National Strategy for Maritime Security. It will be a larger and more lethal fleet of faster ships, with capacity to overmatch our most capable adversaries, including any future strategic competitors, and to further develop our emerging and enduring partnerships worldwide. It will rely on Joint seabasing that will provide for sustained, air and ground anti-access operations in access-restricted environments. It will leverage both manned and unmanned capabilities. It will build upon the programmatic foundation of FORCENet and Sea Power 21.

Sea Power in this new century will require speed, agility, persistence, and dominance. To achieve this your Navy must deliver a balanced force of the right capabilities, the right mix, the right size, at the right cost.

INTRODUCTION

During my recent tour in Europe, as Commander U.S. Naval Forces and Commander, Joint Force Command, Naples I gained an extraordinary appreciation of the partnership of nations—not only through NATO's engagement in the Global War on Terror, Operation ACTIVE ENDEAVOR in the Mediterranean, and NATO's training mission in Iraq—but through the multitude of operations conducted daily with our Allies and emerging partners throughout the European Command Area of Responsibility. I also learned, first hand, that staying the course in post-conflict Bosnia and Kosovo had paid rich dividends as military presence was eventually transitioned to civilian infrastructures and maturing rule of law. Here, too, partnerships were the key, including multi-national militaries, non-governmental organizations (NGO), and interagency and international community players. Interoperability and timely communication remain critical. Throughout Europe, the Caucasus, and Africa I witnessed the true value of our Navy's work with emerging and enduring partners through the Theater Security Cooperation program. We are building confidence, trust, and lasting relationships that will most assuredly prevent future crises and conflicts.

In July of last year I took over a Navy in great shape, with Sailors and civilians at the peak of readiness and proud of their warfighting ethos. I set about defining the capabilities needed to remain strong and to prevail in this new century. It wasn't long, though, before hurricanes Katrina and Rita devastated our Gulf coast. I was reminded of the power of the sea, and was struck by the tremendous potential of "Sea Power." Our Navy answered the call just as we had after the Indonesian tsunami, where no other institution in the world was better equipped or more ready to respond than your Navy. In a powerful demonstration of the flexibility provided by the Fleet Response Plan, 23 ships sailed to the Gulf. The hospital ship USNS COMFORT, sister ship to the MERCY that had opened the world's eyes to America's compassion following the tsunami, was underway within 72 hours.

USS BATAAN was the first Navy responder, arriving in the vicinity of New Orleans one day after Katrina's landfall, coordinating helicopter rescue efforts with the Coast Guard and providing medical care to some 800 evacuees. HSV-2 SWIFT's high speed and shallow draft combined to make it an ideal platform for the delivery of relief supplies and the support of other platforms operating in the Gulf area, just as it had during relief operations in Indonesia. In both cases, SWIFT was able to reach ports inaccessible to other ships in the logistics force and played a critical role in the early delivery of supplies. More than 3,300 Seabees paved the way to hurricane recovery by clearing 750 miles of roads, removing more than 20,000 tons of debris, restoring 60 schools serving 40,000 students, and completing 453 utility projects.

The crew of USS TORTUGA essentially conducted a non-combatant evacuation in the flooded parishes of New Orleans—taking their boats inland to pull people out of dilapidated houses. The HARRY S TRUMAN, uncharacteristically carrying no strike aircraft, anchored off shore with 19 helicopters embarked and provided a ready deck for rescue helicopters that saved lives through dramatically decreased response times. USS IWO JIMA, pier side in downtown New Orleans, served as the

city's only functional airport, command center, hotel and hospital. I met with Vice Admiral Thad Allen of the Coast Guard aboard IWO JIMA shortly after he had taken command of FEMA's efforts—and he raved about the significant role the ship was playing in the crisis and the brilliant performance of her crew.

And this reminded me of a comment I had heard in Europe following our tsunami relief effort from an individual representing an NGO. She said, "Thank God for the U.S. Navy. No other institution in the world could have responded with that level of effort so quickly." And it struck me that our Navy really is like a "city at sea," offering hope and relief in times of crisis. We have seen it again, in the wake of the Pakistani earthquake, where Navy ships, aircraft, Seabees and medical personnel lent a helping hand and made a difference in winning hearts and minds in the Global War on Terror.

In September I addressed the International Sea Symposium—49 Chiefs of Navy and Coast Guard and representatives from 72 countries in Newport, Rhode Island. My topic was "Establishing a Global Network of Maritime Nations for a Free and Secure Maritime Domain." And while I asked the participants to imagine an international maritime force of 1,000 ships—the world's navies and coast guards working together to face the challenges of a new era—I realized this was becoming a reality before my very eyes. There were meaningful discussions taking place regarding regional cooperation in countering piracy, terror, and the proliferation of weapons of mass destruction. There were testimonials from NATO and ASEAN navies, and from South American and African navies. And it occurred to me that this is what Sea Power in the 21st Century is all about. The U.S. Navy has taken the lead as a global maritime force for good, and there are plenty of nations willing and eager to do their part.

But the Navy's capabilities extend beyond traditional missions of sea borne shaping and stability operations, conventional and irregular warfare, freedom of navigation, homeland security, and deterrence. In fact, the Navy is tackling new missions every day that don't involve ships. More than 10,000 sailors are currently on the ground in the CENTCOM AOR, 4,000 of whom are in Iraq. In March of this year, the Navy will take command of the detainee mission in Guantanamo Bay, Cuba. We recently took command of a new high security prison in Iraq. In April, a Navy Admiral will take command of the Joint Task Force Horn of Africa in Djibouti.

This is in addition to counter piracy operations off east Africa and a return visit to Southeast Asia and the South Pacific from Navy medical personnel aboard USNS MERCY. Soon, we will have a riverine capability that will extend the outreach of our newly established Navy Expeditionary Combat Command and Expeditionary Security Force into the world's shallow waterways. Whether extending a helping hand or fixing, finding and finishing our enemies, we are redefining the limits and meaning of Sea Power in the 21st Century.

Over the past two months, I have visited our Sailors at Guantanamo and in the CENTCOM AOR, spending time in Iraq, Kuwait, Bahrain, Djibouti and at sea in the North Arabian Gulf. I have also recently been to Japan, Korea, Guam, and Hawaii. In every respect, these were terrific trips, eye-opening and encouraging. Our people are doing amazing things. Their morale is high, their sense of accomplishment firm. I didn't speak with a single Sailor who didn't know how, or to what degree, his or her job contributed to the overall effort in this war. In fact, you would be hard pressed to find one who didn't believe what he or she was doing was the most important thing that could be done.

It was against this operational backdrop that we tackled the QDR, the most comprehensive review of its type since the first was produced more than a decade ago. For the first time, the QDR was conducted in a time of war. It represents an important step in a continuum of transformation that began more than five years ago. The Navy was an integral participant in the QDR process and I am confident in the course it sets for DOD and the Navy.

QDR 2006 has helped shape a Naval force with increased capability and capacity. Specifically it:

- Re-affirms the need for a forward deployed, rotational, and surge capable force to provide persistent awareness and decisive joint combat power when and where needed;
- Supports a modern, fast, and lethal fleet of ships able to fight in all waters around the globe;
- Expands capability to conduct conventional and irregular warfare, especially in littoral waters;
- Expects the Navy and Marine Corps team to project its combined air, land, and sea power from innovative "sea bases" of ships and personnel, regardless of access to land bases. This will better enable us to engage in missions ranging

from traditional combat and special operations to humanitarian assistance and disaster relief.

- Increases our ability to enhance the capabilities and capacity of partner nations.
- Improves DOD's contribution to the active, layered defense of our homeland, working closely with the United States Coast Guard and other agencies.
- Provides 60 percent of our submarines and six operational aircraft carriers to the Pacific.

In summary, the QDR and my own recent experiences, further support my three priorities and have helped shape the following eight tenets that guide my Vision for the 21st Century Navy:

1. America is and will remain a maritime nation.
2. We live in a challenging new era.
3. The Navy will remain rotational, forward deployed, and surge capable.
4. The level of maritime cooperation will increase.
5. New opportunities and security challenges require new skills.
6. Calculating the size of the force demands balance between capabilities, capacity, and fiscal reality.
7. The future fleet will be more capable, larger, and more lethal.
8. Sea Power 21 will remain the framework for our Navy's ongoing transformation.

NAVY'S VISION

Americans secure at home and abroad; sea and air lanes open and free for the peaceful, productive movement of international commerce; enduring national and international naval relationships that remain strong and true; steadily deepening cooperation among the maritime forces of emerging partner nations; and a combat-ready Navy—forward-deployed, rotational and surge capable—large enough, agile enough, and lethal enough to deter any threat and defeat any foe in support of the Joint Force.

SUSTAINING READINESS

Taking a Fix

Current Operations:

We are a maritime nation, and we are at war. For the last 230 years, our Navy has defended our shores, kept our sea-lanes free, and promoted our national interests around the globe. For generations, our Navy has been the world's premier maritime force for freedom, time and again proving its flexibility and unique adaptability in support of liberty, national security, and our economic viability.

Your Navy today is in great shape. Readiness is high. Maintenance is being performed faster and more efficiently. Recruiting and retention remain strong. Our people are motivated, well trained and battle-tested. They understand the mission, their role in it, and the importance of the effects they are achieving. In addition to the critical strategic deterrence our forward presence and global strike capabilities represent, there are more than 10,000 of our shipmates on the ground in Kuwait, Afghanistan, Iraq and the Horn of Africa. Many thousands more are deployed aboard ships at sea in direct support of the Global War on Terror and regional deterrence, strengthening capabilities and relationships with our enduring and emerging partners, and dissuading potential adversaries from attempting to threaten our freedom at home or abroad. They are performing magnificently.



FIGURE 1

While numbers vary slightly with daily operations, on February 15, 2006 we had 97 ships on deployment (35 percent of the Fleet) and 142 ships underway (51 percent of the Fleet) serving our Combatant Commanders in every theater of operation; this includes six aircraft carriers, seven big deck amphibious ships (LHA/LHD), and 29 submarines (Figure 1). On that day there were 2,614 active and reserve Seabees working tirelessly overseas to provide our Joint force and many civilians with vital infrastructure such as roads, runways, schools, and hospitals. There were also 3,574 of our active and reserve medical corps serving in foreign and sometimes hostile environments. Additionally, 673 members of the Navy Special Warfare community were deployed overseas (of 3,633 deployable), as were 256 Explosive Ordnance Disposal personnel (of 1,321 available to deploy), and 838 security personnel (of 5,929 deployable).

On February 15, 2006, there were 39,775 of our Sailors deployed in support of the nation's interests in the Persian Gulf, the Mediterranean, the Indian Ocean and the Western Pacific, continuing operations like strategic deterrence; intelligence, surveillance and reconnaissance missions; Extended Maritime Interdiction, counter piracy and counter-drug patrols. No less vital are the sailors and civilians—the Total Navy—who serve the shore-based infrastructure that underpins our Fleet world-wide.

The fiscal year 2007 budget provides funds necessary to support 36 underway days per quarter of the active operational tempo (OPTEMPO) for deployed forces and 24 underway days per quarter for non-deployed forces (primarily used for training). Our fiscal year 2007 baseline budget estimates also include reductions to peacetime OPTEMPO levels. For aircraft carrier OPTEMPO, the fiscal year 2007 budget supports the “6 + 1” surge readiness level. As in fiscal year 2006, it is anticipated that operational requirements will continue to exceed peacetime levels in fiscal year 2007.

Oceans that once served as insulating barriers now provide open access to friends and enemies alike. The world's waterways are open highways that are becoming more congested with pirates and those trafficking in drugs, weapons of mass destruction, illegal immigrants, slaves, criminals, and terrorists. 95 percent of U.S. overseas trade travels by water and that volume is expected to double by 2020. Our nation's prosperity depends upon unimpeded maritime commerce just as our secu-

rity demands continued maritime dominance. Sea Power in the 21st Century must provide this assurance while serving as freedom's global lifeline.

Whether spearheading Operation ENDURING FREEDOM (OEF) by providing sovereign deck space from which to launch the war in Afghanistan, continuing to support ground operations in Iraq from the sea, in the air and on the land as part of Operation IRAQI FREEDOM (OIF), conducting deterrence operations in the Persian Gulf, responding to humanitarian crisis in Indonesia or Pakistan, patrolling for pirates and interacting with developing navies in Africa, serving with the NATO Response Force in Europe, supporting counter-terrorism operations in the Philippines, exercising with the navies of Russia and India, or remaining keenly vigilant while expanding cooperative interaction with others, our Navy must work in non-traditional ways with our global partners to preclude or forestall conflict. Equally important is that our Navy maintain its strategic deterrence and global strike capabilities that remain vital to our nation's defense.

Emerging Missions:

In March of this year, the Navy will take command of Joint Task Force Guantanamo, relieving the U.S. Army of that mission. In May of this year, the Navy will take command of the Joint Task Force, Horn of Africa, relieving hundreds of Marines who have led that effort since October 2002. Almost 500 sailors have already begun performing security duties at Fort Suse Prison in Iraq.

As the Navy develops shallow water and riverine capabilities, we will seek increasing synergies with the Coast Guard, at home and abroad, exploring complementary design, acquisition, operations and training initiatives. Working cooperatively with the Joint Services, inter-agency, allied, coalition, and non-governmental organizations, our Navy will expand our global Maritime Domain Awareness and provide unique operational options for the President of the United States and our Combatant Commanders.

Plotting the Course: Where we're heading in Sustaining Readiness

The world has entered a "new era" in which our military is confronting a highly dynamic security environment far more complex, uncertain, and potentially threatening than any we have faced before. While this is a time of promise and developing partnerships, it is also an era of irregular and increasingly unrestricted warfare. Our adversaries, unable and unwilling in some cases to match our technological warfighting advantage, will increasingly resort to whatever means are available to wreak havoc and destruction—physically, economically, and psychologically—unhindered and unconstrained by moral conscience or social norms. To be effective in this environment, our Combatant Commanders need tools that are not only instruments of war, but implements for stability, security, and reconstruction.

To be successful as an interdependent part of the U.S. Joint Force, our Navy must be balanced. We must be balanced in our support of diplomatic, informational, military and economic efforts intended to positively influence the world's diverse people and cultures. We must be balanced in our global maritime presence: providing non-threatening outreach to emerging and enduring partners while demonstrating overwhelming military superiority and unflinching determination to our adversaries.

We must at the same time represent hope and empowerment to our friends and convincing deterrence to our enemies. The United States Navy will need to be a highly visible, positive, engaged, and reassuring presence among the global maritime community of nations—sometimes a "cop on the beat," but always a respected and valued member of a global neighborhood watch. We must encourage nations to provide security within their territorial waters and to seal seams between neighbors, either by accepting assistance to improve their own capabilities, or through collective security and information sharing arrangements.

We must adopt a more comprehensive and coordinated approach to regional engagement, synchronizing our efforts with other services, agencies, and allied nations through the Theater Security Cooperation program, shaping, and stability operations. Wherever the opportunity exists, we must develop and sustain relationships that will help improve the capacity of our emerging partners' maritime forces. We will do this through the deployment of expeditionary teams capable of addressing specific developmental deficiencies. From personnel specialists and base infrastructure advisors, to trainers afloat and network consultants, these tailored teams will foster the ability of partner nations to contribute to collective security and shared maritime domain awareness, and to fend off threats to their economic and regional stability.

To enable our operations at home and away, our Navy, in partnership with the Coast Guard, must be supported by the right information at the right time—expanding Maritime Domain Awareness throughout the global commons and the world's

shallow waterways. In pursuit of pervasive and persistent Intelligence, Surveillance, and Reconnaissance, however, we must ensure the “unblinking eye” does not become an “unthinking” eye. In a world of growing global connectivity, the volume of information we are able to collect matters less than our ability to identify and understand what is important. Our Sailors must learn to recognize what matters, to comprehend the implications of the complex information they gather, so that we can act upon it instantly, with the right capabilities, when required to do so.

Naval Intelligence remains focused on addressing the multitude of intelligence requirements from the fleet, theater, and National decision makers, augmenting and transforming its intelligence capability to support the increasing range of Navy missions. The intelligence and cryptologic resources requested in the President’s budget submission will allow the Navy to remain postured to support the war against terror, defend the homeland, shape the environment overseas, and counter the most capable potential adversaries.

In concert with interagency and foreign partners, we are developing Global Maritime Intelligence Integration (GMII) as part of Global Maritime Domain Awareness (MDA) in support of Joint and Navy operations. It is no longer acceptable to focus intelligence only on the most obvious potential threats. We need, and are building, a capability that will lead us to a more complete understanding of the maritime environment—close to home and abroad. We are shaping our relatively small Naval Intelligence cadre to work more closely with Special Operations Forces, the interagency, the Coast Guard, Joint forces, and our international partners. The establishment of a National Maritime Intelligence Center will further enhance our Maritime Domain Awareness.

Maritime Domain Awareness contributes to the Navy’s ability to provide flexible forward presence such as that provided by the Fleet Response Plan (FRP).

The Fleet Response Plan is the maintenance, training, and operational framework through which the Navy meets global Combatant Commander demand signals for traditional (e.g., GWOT, major combat operations, humanitarian assistance/disaster relief, shaping and stability operations, counter piracy, etc.) and emerging mission sets (e.g., riverine warfare, NECC, medical outreach). FRP is mission-driven, capabilities-based, and provides the right readiness at the right time (within fiscal constraints). It enables responsive and dependable forward presence. With FRP we can deploy a more agile, flexible and scalable naval force capable of surging quickly to deal with unexpected threats, humanitarian disasters, and contingency operations.

The Fleet Response Plan maximizes the Navy’s ability to respond to emergent crises, changes the way ships are maintained, and keeps the Navy at a high state of readiness. FRP provides the capability of deploying numerous Carrier Strike Groups (CSGs), in whole or in part, immediately to wherever in the world the mission calls, with an additional CSG deploying within 90 days. This planning is currently structured to fulfill a 6 + 1 goal: six CSGs would be ready to deploy within 30 days of notification and another within 90 days.

The ability to surge dramatically shortens response times to any contingency and enables the United States to increase global presence-with-a-purpose as needed. Commander Fleet Forces Command, based in Norfolk, Virginia, is leading the implementation of the FRP across the Navy. Last fall, the FRP concept was vividly validated by the response to Hurricane Katrina, in which 23 ships were immediately made available for relief efforts. FRP will further help to facilitate Navy’s establishment and defense of the Joint Sea Base, allowing for a reduced footprint ashore in anti-access operations.

In the Pacific, response time is exacerbated by the tyranny of distance. Consistent with the global shift of trade and transport, the QDR has recognized the Navy’s need to shift more strategic assets to this vital and rapidly developing theater. In the future, approximately 60 percent of our submarines and six operational aircraft carriers will be based in the Pacific. The Fleet Response Plan and basing options will provide a rheostat to meet foreseeable forward presence requirements.

As FRP bolsters fleet effectiveness and efficiency, so too does the aviation maintenance program called AIRSpeed.

AIRSpeed is the Naval Aviation business model that has increased the combat effectiveness of Naval Aviation through more efficient business practices. The AIRSpeed program balances and aligns maintenance and supply activities to end-user demands by ensuring the right material is in the right place, at the right time and at the right cost. We are committed to implementing this throughout the Navy. AIRSpeed has moved Naval Aviation away from “readiness at any cost” to “cost-wise readiness” practices, enabling Naval Aviation to answer the call in every corner of the globe.

Another initiative to improve global readiness addresses the expeditionary nature of emerging missions ashore and in coastal waterways. In January of this year, the

Navy officially established the Navy Expeditionary Combat Command (NECC) to help meet some of the asymmetric challenges of the 21st Century. The NECC will serve as a functional command in control of manning, training, equipping, and organizing forces that will execute force protection, shore-based logistical support, and construction missions across the Joint operational spectrum.

The Navy plays a vital role in direct and indirect support of Joint stability and shaping operations worldwide. To this end, NECC will re-establish a riverine force to close gaps in very shallow-water littoral areas, ensuring access to the world's waterways. NECC will be the single advocate for the Expeditionary Security Force, to include existing forces/missions (Seabees, Explosive Ordnance Disposal, Expeditionary Security, Naval Coastal Warfare, Mobile Diving and Salvage, Port Handlers, etc) and key new navy capabilities (Riverine, Maritime Civil Affairs Group, Expeditionary Training Team, advanced Visit, Board, Search, and Seizure, etc.).

Our Navy must stand ready to support the current critical and emerging requirements of the Combatant Commanders. Whether this is accomplished through grey hulls, white ships, hard hats, blue shirts, or red crosses, we need to complement the Fleet Response Plan with sustainable Sea Basing, intelligently and selectively applied Sea Swap, and a Forward Deployed Naval Force.

Getting Underway: Programs and Practices in Support of Sustaining Readiness

Through FRP, the deployment of adaptable force packages, and the strategic realignment of key assets, the Navy will increase its ability to aggregate and disaggregate the force as required to provide persistent forward presence and overwhelming combat power. This supports the nation's requirement for an immediate, credible response and sustainable naval forces necessary not only to fight the GWOT, but also to support a meaningful naval presence in key areas of concern to U.S. strategy and policy.

Programs and practices of particular interest include:

Fleet Response Plan.—As highlighted by the QDR, the Fleet Response Plan (FRP) is an on-going mission-driven means to provide the right readiness at the right time (within fiscal constraints). FRP enables responsive forward presence and drives our ability to answer the Combatant Commanders' demand signals. With FRP, Navy has deployed and developed a more agile, flexible and scalable naval force capable of surging quickly to deal with unexpected threats, humanitarian disasters and contingency operations.

Sea Swap.—Sea Swap is an initiative designed to keep a single hull continuously deployed in a given theater, replacing the entire crew at six-months intervals. The primary objective is to effectively and efficiently increase forward Naval presence without increasing operating cost. Navy commenced its second Sea Swap experiment in March 2005 with three East Coast destroyers—USS GONZALEZ (DDG 66), USS LABOON (DDG 58), and USS STOUT (DDG 55). The first of the three overseas swapping of the crews occurred in September 2005. While the results of these experiments are still being evaluated, it is clear that when selectively applied, Sea Swap will offer greater flexibility in the deployment of a variety of platforms.

Forward Deployed Naval Forces (Japan).—The government of Japan has agreed to have USS GEORGE WASHINGTON (CVN 73) replace the USS KITTY HAWK (CV 63) as our forward deployed aircraft carrier at the Yokosuka naval base. The move represents a strong commitment to the security of the Asian Pacific region and our alliance. The GEORGE WASHINGTON will become the first nuclear aircraft carrier to join the Navy's permanently forward deployed naval forces (FDNF), replacing the conventionally powered the KITTY HAWK in 2008.

Facilities Recapitalization.—Facilities Recapitalization is comprised of Modernization and Restoration. Modernization counters obsolescence by updating and renewing a facility to new standards or functions without changing the fundamental facility size. Restoration includes repairs necessary to restore degraded facilities to working condition beyond design service life (C3/C4 corrections) or to fix accidental damage from natural disaster, fire, accident, etc. Our goal is to modernize facilities at a rate of 67 years (Recap Rate). The restoration goal is to eliminate all C3/C4 deficiencies by 2013.

Facilities Sustainment.—Facilities Sustainment includes those maintenance and repair activities necessary to keep facilities in working order through their design service life. It includes regularly scheduled maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities. The fiscal year 2007 Sustainment Rate is 91 percent of the Facility Sustainment Model (FSM).

Utilities Privatization (UP).—Navy had originally planned to complete all competitive UP evaluations by September 2005. However, delays for 159 utilities systems

have extended the completion schedule. To date, Navy has completed Source Selection decisions for 486 of our 645 systems.

Environment and Marine Mammal Protection Act.—Effective Antisubmarine Warfare (ASW) is critical to ensuring the Navy's ability to defend national interests around the world. The Navy's ASW forces must be highly trained and capable in littoral-water operations in order to provide assured access for the Joint Force to strategic areas worldwide.

The Navy takes seriously our responsibility to act as good stewards of our natural resources and incorporates protective measures into training to minimize effects on the environment. The Navy is committed to environmental compliance, and we are committed to working with those interested in protecting valuable environmental resources.

The Navy's use of sonar, and the ability to test and train with it, is critical to operational readiness and our national defense. Effective use of active sonar is a perishable skill that demands realistic training. The Navy recognizes that such active sonar testing and training must be accomplished in an environmentally sound manner that is science-based and protective of marine life.

The Navy has recently published a Draft Environmental Impact Statement (DEIS) for an Undersea Warfare Training Range (USWTR) to be located off of the East Coast of the United States. This DEIS marks the first time the Navy will apply for a permit under the Marine Mammal Protection Act for a permanent training range vice a one-time training authorization. The Navy's Fleet Forces Command and Regional Staffs are cooperating with federal and state agencies throughout the process to keep them informed and to coordinate for the appropriate permits.

Intelligence Surveillance and Reconnaissance (ISR).—Navy Human Intelligence (HUMINT) initiatives remain consistent with those of USD(I) and, in cooperation with Defense HUMINT, we are creating Navy manned, maritime collection elements worldwide. These elements will provide maritime focused collection capability, postured to capitalize on regional opportunities, and prosecute the GWOT and other non-traditional missions.

Furthermore, the Navy has established Maritime Interception Operations (MIO) Intelligence Exploitation Teams to increase on-scene intelligence collection and exploitation during MIO boardings in support of OEF and OIF. This unique effort will significantly reduce time lags between MIO boardings and analysis of intelligence collected.

Additionally, Navy is creating a cadre of trained and certified Navy interrogators to sustain operations at the Joint Interrogation Facility at Guantanamo Naval Base, Cuba and to support future Joint interrogation requirements.

Advanced Deployable System (ADS) is a rapid, unobtrusively deployed undersea surveillance system and capability focused against enemy diesel-electric submarines, nuclear submarines, high-interest merchant shipping and the detection of sea-mine laying activities in the littorals.

COBRA JUDY Replacement (CJR) is a deployed shipboard radar system designed to collect high fidelity radar data in support of treaty monitoring obligations and U.S. missile defense system testing. CJR is the functional and operational replacement for the current COBRA JUDY system and the USNS Observation Island hull, which has reached the end of its service life.

Submarine Support Equipment Program (SSEP) develops Electronic Warfare Support (EWS) systems improvements to enhance operational effectiveness in the increasingly dense and sophisticated electromagnetic/electro-optic littoral environment. SSEP provides agile threat warning capability to respond to emerging threats.

Distributed Common Ground/Surface Systems (DCGS) is a Joint family of interconnected C4I systems for posting, processing, exploiting, and updating ISR information. The Common Data Link (CDL) program ensures interoperability between the airborne ISR platforms and the family of ground systems.

BUILDING THE FUTURE FORCE

Taking a Fix

The QDR included a rigorous evaluation of requirements and budgetary constraints that will shape how we confront the very uncertain and challenging security environment of this new century and the "long war" in which we are currently engaged. The fleet we are building today, and the leaders we are training, will be the Navy that confronts tomorrow's challenges. The environment in which that force operates will be very different from that in which we have come of age.

Due to the fiscal and temporal realities associated with the design and development of modern, sophisticated weapons systems, the Navy is continuing to trans-

form. As recognized in the QDR, the size and capabilities of our force are driven by the challenges we will face. The capacity of the force is determined by its global posture in peacetime and the requirement to respond from this posture, as well as to surge, in crisis. In the case of our Navy, it is based upon the need for a ubiquitous but carefully tailored maritime presence that can provide our President and our allies with strategic options in support of dynamic security requirements.

The Navy recently submitted to Congress our 30-Year Shipbuilding Plan designed to replenish the fleet, while stabilizing workload and funding requirements. A stable plan will allow the shipbuilding industry to maintain critical skills and to make sound corporate decisions to best meet the Navy's projected shipbuilding requirements.

A stable shipbuilding industry is essential to sustain optimum employment levels and retain critical skills to meet our requirements for an affordable and capable force structure. We must align the industrial base for long-term force development through advanced procurement and incentivized cost savings. We must have a robust enough industrial base to withstand natural disaster or catastrophic attack. We must build ships more efficiently, cost effectively, and quickly. To do this, we are committed to help provide stability in the shipbuilding plan and rigorously control requirements. Costs and production schedules must be kept within contractual limits. Industry must be viewed as a trusted partner while we provide a stable baseline upon which to plan.

The 2007 Annual Long Range Plan for Construction of Naval Vessels is an investment plan that is both executable and affordable based on balancing several factors: naval force operational capability, risk, and the ability of the shipbuilding industrial base to execute the plan. The Navy continues to analyze operational requirements, ship designs, costs, acquisition plans, tools, and industrial base capacity to further improve its shipbuilding plan. Full funding and support for execution of this plan is crucial to transforming the Navy to a force tuned to the 21st Century and built upon the foundation of Sea Power 21 and FORCEnet.

Our Sea Strike capability will continue to revolve around Carrier and Expeditionary Strike Groups, with sufficient lift, sustainability, and TACAIR assets to meet irregular and conventional Joint warfighting requirements.

Sea Basing provides assured access to the Joint force by keeping the logistics tail safely at sea while putting the teeth of the combat forces ashore. The iron mountain of equipment we staged on land in earlier operations, now will come from international waters at sea, minimizing our footprint ashore and the associated permissions required from host nations. Our Sea Basing will be facilitated by large deck, expeditionary warfare ships and connectors, by heavy lift and transport aircraft, by Maritime Prepositioning Forces, and by the combat logistics force.

Our Sea Shield capabilities will be advantaged by advanced Anti-Submarine Warfare, inter-netted Under Sea Warfare, and Theater Ballistic Missile Defense (TBMD) technologies, and our submarine fleet will need to maintain its technological edge over all adversaries in warfighting, ISR, detectability, and survivability.

As a primary catalyst for naval transformation, FORCEnet has the potential to fundamentally transform operations themselves, generating greater effectiveness, efficiency, and adaptability. Further, through the transformation of systems related to training, administration, recruitment and acquisition, FORCEnet is expected to influence the entire naval enterprise.

As highlighted by the QDR, achieving the full potential of net-centric warfare requires viewing information as an enterprise asset to be shared and as a weapon system to be protected. The underlying power of FORCEnet derives from leveraging the network effect, which causes the value of a product or service in a network to increase exponentially as the number of those using it increases. FORCEnet will extend visibility of information and will support a more horizontal command, control and communications structure.

To better fight the Global War on Terror and prevent piracy and the trafficking of weapons of mass destruction, humans, and narcotics we will need faster, multi-mission ships, and the right mix of helicopters, small boats, and combat capabilities. And to expand the number of maritime nations able to contribute to regional stability and join us in the fight against violent extremism, we will need shallow draft ships and more helicopters to better support a variety of training, outreach, and civil affairs operations.

Plotting the Course: Where we're heading in Building the Future Force

In building the Navy of the future, access is as important as presence. Whether delivering training, humanitarian assistance, or lethal combat power our Navy cannot be restricted in its access to the world's navigable waterways. Conducting disbursed and networked operations, with the proper force mix, people, and tools, will

enable us to simultaneously fight an irregular war, defend the homeland, and participate in pro-active, cooperative engagement on a day-to-day basis while retaining the capability to rapidly aggregate dominant combat power to deter or conduct Major Combat Operations should they arise.

Two challenges, one Navy.

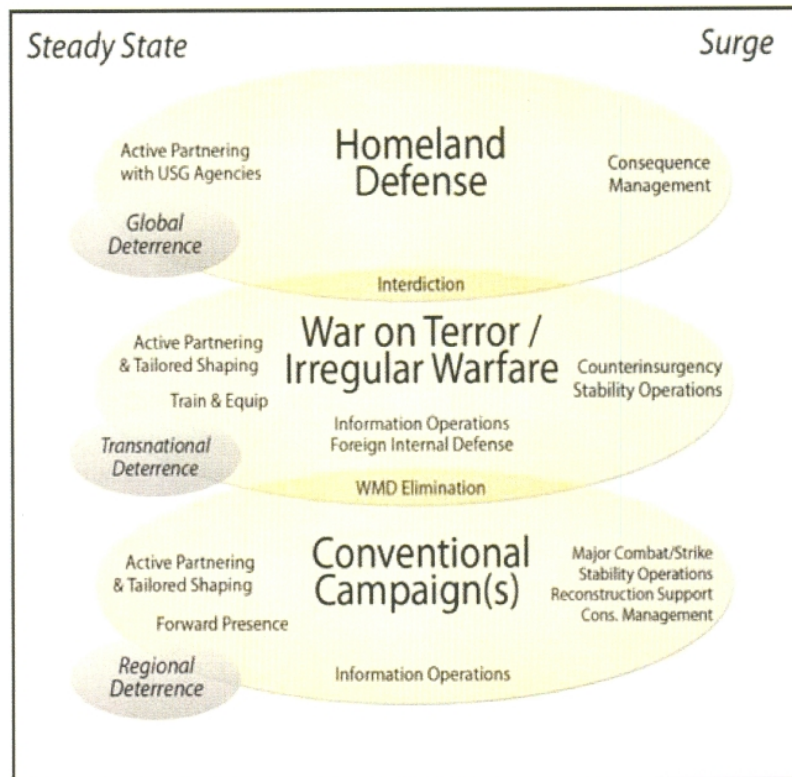


FIGURE 2

As part of the QDR process, the Navy used a capability-based approach (shown above in Figure 2) to calculate the size and composition of the future force required to meet expected Joint force demands in peace and in the most stressing construct of the Defense Planning Guidance. Further, we evaluated detailed assessments of risk associated with affordability and instabilities in the industrial base. The analysis concluded that a fleet of about 313 ships is the force necessary to meet all of the demands, and to pace the most advanced technological challengers well into the future, with an acceptable level of risk. The Navy expects to achieve this force structure by fiscal year 2012.

Through transformation, recapitalization and modernization, we seek a balanced force that delivers speed, agility, persistence, and dominance—characterized by disbursed and networked operations, comprehensive maritime domain awareness, cooperative engagement with Allies and partners, and lethal combat capabilities.

Our Naval aviation capabilities are a vital part of this balanced force. Here, too, we must invest in the technology and platforms that will carry us into a future Joint environment of low observability, electronic attack, unmanned aerial vehicles, broad ocean surveillance and reconnaissance, complex command and control, and precision strike. We must outpace and overmatch the most capable technological competitors and overcome the most difficult and time-critical targeting challenges.

Aircraft carrier-based strike capability is a concrete example of the Navy's ongoing transformation. During Operation Desert Storm it took, on average, more than one

“sortie” or flight of strike aircraft to engage a single target. This trend was reversed during Operation IRAQI FREEDOM as technology and operations improved, allowing multiple targets to be engaged per single flight. For example, it took two divisions (eight aircraft) to attack and destroy a single bridge during Desert Storm, but two divisions of F/A-18C Hornets carrying GPS guided bombs attacked more than eight aim points with precision during Operation IRAQI FREEDOM.

In 2020, our Carrier Air Wings with F/A-18E/F Super Hornets and F-35C Joint Strike Fighters will attack targets at nearly twice the range currently possible. They will do this in the highest threat environments without the extensive tanker support required today, and they will destroy more targets with 24/7 persistence.

As underscored by the response to the tsunami and hurricanes, we must also have a robust rotary wing capacity. This will be achieved primarily through recapitalization and modernization programs such as the CH-53X and the MH-60R/S. The flexibility and versatility of rotary winged aircraft have proven increasingly more valuable in support of the Global War on Terror, Anti-Submarine Warfare, humanitarian and disaster relief operations, Theater Security Cooperation programs, and logistics support. We must consider this in future acquisition planning.

The Navy’s challenge is to build an affordable fleet for the future with the capability and capacity to meet Joint demands for naval forces that range from Homeland Security and Humanitarian Assistance to Major Combat Operations.

Getting Underway: Programs in Support of Building the Future Force

A balanced force of about 313 ships and about 3,800 aircraft meets the criteria we have established for the future. Within this force, eleven aircraft carriers and their associated air wings are sufficient to ensure our ability to provide coverage in any foreseeable contingency and do so with meaningful, persistent combat power. Although there is risk here, we believe the risk is both moderate and manageable.

There is risk in other areas as well. Despite the fact the total SSN numbers drop below 48 between 2020 and 2034, our fast attack submarines will provide the Intelligence Surveillance and Reconnaissance (ISR) capability we need to support indications and warning of any impending threat throughout their areas of operations and will be sufficient to sustain minimum required deployed presence needed for major combat operations.

Surface combatant capability is robust, but does not provide extended Theater Ballistic Missile Defense (TBMD) capacity—that just isn’t affordable within the top line we have today. Navy is, however, expanding our currently limited short- and medium-range ballistic missile defense capabilities through the fielding of the Aegis BMD and SM-3 missiles. A future sea-based terminal (SBT) BMD capability will be addressed initially through upgrades to existing missile inventories and eventually through Navy Open Architecture initiatives in Aegis ships and CG(X).

Our expeditionary capability provides the Joint Forcible Entry capacity necessary to support the sea base as a lodgment point for Joint operations but represents an acceptable decrease in Marine Expeditionary Brigade lift capacity. A myriad of tactical, surveillance and reconnaissance, heavy lift, and support aircraft, as well as a variety of support ships, provide the Navy with sufficient capacity in each mission area.

To win the “long war” against terror we need a Navy that can be many places simultaneously. Engagement with allies and friends is the only effective way to deter this kind of aggression. We must operate with, and show commitment to, our friends around the world in order to ensure their assistance in active pursuit of terrorist organizations. In developing our capabilities and ship-count, we matched the demand signal to ship types and ensured we were not “over-building” our Navy based on this demand signal. Additional global reach is provided, in part, by our flexible Littoral Combat Ship (LCS) platform which leverages modular capability against cost. The planned build of fifty-five FREEDOM Class LCS, augmented by the Navy Expeditionary Combat Command’s riverine capabilities, will better serve our Combatant Commanders and complement the capability of our partners worldwide.

Programs of particular interest include:

CVN 77, CVN 21.—Navy plans to launch the aircraft carrier, USS GEORGE H.W. BUSH (CVN 77) in October 2006, and we expect it to enter the fleet in late 2008. Meanwhile, we continue to design the future aircraft carrier, CVN 21, which will serve as the replacement for USS ENTERPRISE and our NIMITZ Class aircraft carriers. CVN 21 balances significantly improved warfighting capability, quality of life improvements for our Sailors and reduced acquisition and life cycle costs. Highlights of these enhancements include: 25 percent increase in sortie generation rate, nearly three fold increase in electrical generating capacity, and increased operational availability. At the same time, CVN 21 will also achieve over \$300 million reduction in

procurement costs, \$5 billion reduction in Life Cycle Costs, and up to 1,000 billet reductions. These manpower reductions are expected in several key areas: Damage Control, Bridge/Navigation; Warfare System; Air Wing; Staffs; Supply chain Management; Weapons Handling; Pit Stop; and Automation.

CVN 21 and the Carrier Strike Group will continue to provide forward presence, rapid response, endurance on station, and multi-mission capability to serve our nation's needs for generations to come.

DD(X).—DD(X), a multi-mission surface combatant tailored for land attack and littoral dominance, will provide independent forward presence and deterrence, and operate as an integral part of Joint and combined expeditionary forces. DD(X) will capitalize on reduced signatures and enhanced survivability to maintain persistent presence in the littoral. DD(X) program provides the baseline for spiral development to support future surface ships as part of Navy's "Family of Ships" strategy.

With its Advanced Gun System (AGS) and associated Long Range Land Attack Projectile (LRLAP), DD(X) will provide volume and precision fires in support of Joint forces ashore. A GPS guided, 155 mm round, LRLAP will provide all-weather fires capability out to 83nm. The DD(X) Dual Band Radar represents a significant increase in air defense capability in the cluttered littoral environment. Investment in Open Architecture and reduced manning will provide the Navy life cycle cost savings and technology that can be retrofitted to legacy ships.

The Open Architecture environment in the DD(X) Total Ships Computing Environment will allow Navy to rapidly and cost effectively upgrade ships through software changes while avoiding costly hardware changes. This in turn will allow us to keep ships viable against emerging threats and avoid the high cost of supporting numerous baselines, a problem that we are paying for in the AEGIS program today.

CG(X).—While DD(X) is a multi-mission destroyer tailored for land attack and littoral dominance, CG(X) will be focused on sea-based solutions to Theater Ballistic and Cruise missile gaps. CG(X) will provide airspace dominance and protection to all Joint forces operating with the Sea Base and will reach IOC in 2019. CG(X) will bring to sea significant warfighting capabilities.

LCS.—Navy will commission the first Littoral Combat Ship, USS FREEDOM (LCS 1) in fiscal year 2007. The FREEDOM Class will be a fast, agile and networked surface combatant with capabilities optimized to assure naval and Joint force access to contested littoral regions. LCS operates with focused-mission packages that deploy manned and unmanned vehicles to execute a variety of missions, including littoral anti-submarine warfare, anti-surface warfare and mine countermeasures. Innovations for the LCS include: Focused mission ship with interchangeable mission packages; reduced manning to reduce lifecycle cost; optimization for warfighting in the Littorals; inherent capabilities to increase utility in littorals beyond focused mission packages; extensive use of Unmanned Vehicles and off-board sensors for mission packages; Acquisition Strategy that provides two LCS variants designed to the same requirements; contracting for complete systems (less mission packages); and Seaframe and mission package acquisition strategies that provide for spiral design.

LPD 17.—The lead ship of the class, USS SAN ANTONIO (LPD 17) was commissioned on January 14th, and will soon be joined by four other ships currently under construction. LPD 17 functionally replaces four classes of amphibious ships for embarking, transporting and landing elements of a Marine landing force in an assault by helicopters, landing craft, amphibious vehicles, and by a combination of these methods.

LHA(R).—LHA(R) Flight 0 is a modified LHD 1 Class variant designed to accommodate aircraft in the future USMC Aviation Combat Element (ACE), including JSF/MV-22, and to provide adequate service life for future growth. LHA(R) will replace four aging LHA Class ships that reach their administrative extended service life between 2011–2019. This program maintains future power projection and the forward deployed combat capability of the Navy and Marine Corps. LHA(R) enables forward presence and power projection as an integral part of Joint, Inter-Service and Multinational Maritime Expeditionary Forces.

Modernization.—The Navy must ensure we achieve full service life from our fleet, something we have not done well in the past. Modernization of our existing force is a critical component of our ability to build the Navy of the future. Our platforms must remain tactically relevant and structurally sound for the entire duration of their expected service life.

Naval Aviation modernization efforts continue with the F/A-18A/B/C/D Hornet and the EA-6B Prowler as a bridge to a more capable air wing that will include the F-35 Joint Strike Fighter, the EA-18G Growler, and the F/A-18 E/F Super Hornet. Modernization also continues with the E-2D Advanced Hawkeye, the CH-53X, and the SH-60R/S.

The surface force modernization program will help bridge the gap to DD(X) and CG(X) and mitigates the risk associated with transitioning from legacy combat systems to Open Architecture (OA) compliant commercial off the shelf (COTS) technologies. We expect modernization efforts on our AEGIS CGs and DDGs to enable these ships to realize an expected service life of 35 years. Historically, ships that were not modernized were decommissioned (on average) after 17–20 years of service due to obsolescence of sensors, C4I suites, and combat systems.

Cruiser (Mod).—AEGIS Cruiser Modification improves war-fighting capability through enhanced self defense (CIWS Block 1B, Evolved Sea Sparrow Missile (ESSM)), expanded information sharing and collaborative engagement (Cooperative Engagement Capability—CEC), improved littoral ASW capability and significant land attack improvements (Tactical Tomahawk—TACTOM). A comprehensive Mission Life Extension (MLE) package includes the All Electric Modification, SmartShip, Hull Mechanical and Electrical system upgrades and a series of alterations designed to restore displacement and stability margins, correct hull and deck house cracking and improve quality of life and service onboard. This modernization will extend the service life of the AEGIS Cruisers to approximately 35 years.

The SmartShip installation reduces enlisted crew manning on CGs by 13 (297 vice 310). At its inception, the CG Mod Program was not established with a requirement for manning reductions; however, PEO SHIPS has commissioned a Total Ship Integration Team (TSIT) study in conjunction with DDG Mod efforts to determine additional areas for potential manning reductions in CG Mod. The TSIT works with the system program managers and NAVMAC to fully model CG Mod manning with respect to watchstanding, maintenance and fatigue analysis.

Destroyer (Mod).—The DDG Modernization Program is likewise designed to reduce manning and total ownership costs while increasing warfighting capability. DDG modernization supports the transition to DD(X) and CG(X), and mitigates the risk associated with the transition from legacy combat systems to Open Architecture (OA) compliant, Commercial-off-the-Shelf (COTS) technologies. The intent is to provide a coherent strategy to keep each ship relevant and affordable through their entire 35-year hull life.

VIRGINIA Class Fast Attack Nuclear Submarine (SSN).—Navy needs to maintain an SSN force structure sufficient to meet current operational requirements, the Global War on Terror, and any potential future threat from near peer competitors. The first 10 VIRGINIA Class (SSN 774) submarines are already under contract. Navy is pursuing a number of cost reduction initiatives intended to lower SSN 774 acquisition costs to \$2 billion (in fiscal year 2005 dollars) at a stable build rate of two-per-year, currently planned for fiscal year 2012.

The Navy intends to pursue design modifications to the VIRGINIA Class that will lower acquisition cost, while sustaining or improving warfighting capability. The Navy and our submarine shipbuilders are conducting a detailed study of design options that will dovetail with ongoing production and contracting initiatives and sustain the critical skills necessary for nuclear submarine design. A detailed report meeting the requirements of the National Defense Authorization Act statute and reflecting the outcome of the study will be available later this Spring.

F-35 Joint Strike Fighter (JSF).—The JSF is an affordable multi-mission strike fighter aircraft that incorporates matured and demonstrated 21st Century technology to meet the war fighting needs of the Navy, Marine Corps, Air Force and eight other countries. The JSF program pillars are range, lethality, survivability, supportability, and affordability. The United States, United Kingdom, Italy, Netherlands, Denmark, Turkey, Norway, Australia, and Canada comprise the JSF cooperative partnership. There are three JSF variants: Conventional Take Off and Landing (CTOL), Carrier Variant (CV), and Short Take Off and Landing (STOVL). Department of Navy procurement is expected to be 680 aircraft.

The JSF aircraft carrier (CV) variant is projected to exceed its required 600NM combat radius, and the STOVL variant is projected to exceed its required 450NM combat radius.

F/A-18E/F Super Hornet.—The Super Hornet is the Navy's next generation strike-fighter. The F/A-18E/F replaces the F-14, older model F/A-18, and S-3 carrier-based tankers. F/A-18E/F is five times more survivable than the F/A-18C. The Super Hornet provides a 40 percent increase in combat radius, a 50 percent increase in endurance, 25 percent greater weapons payload, and three times more ordinance bring-back than the F/A-18C. The F/A-18E/F will have the Active Electronically Scanned Array Radar System (AESA), Integrated Defensive Electronic Countermeasures System (IDECM), Joint Helmet Mounted Cueing System (JHMCS), Advanced Targeting FLIR (ATFLIR), Shared Reconnaissance Pod (SHARP), Multi-Function Information Distribution System (MIDS), and Advanced Crew Station (ACS). 246 Super Hornets have been delivered of a total procurement of 460.

EA-18G Growler.—The EA-18G is a two-seat carrier-based replacement aircraft for the EA-6B Prowler electronic attack aircraft. The Growler is scheduled for initial operational capability (IOC) in 2009. The Growler shares a common airframe with the F/A-18F Super Hornet. A total inventory of 90 aircraft is planned for service in 11 squadrons. EA-18G upgrades include the destruction of enemy air defenses with Joint weapons, advanced RF receiver and jamming modes, integrated peer-to-peer networking, integration with stand-in assets, and coordinated off-board Electronic Support (ES).

F/A-18A/B/C/D Hornet.—The F/A-18 Hornet is Naval Aviation's primary strike-fighter. The Hornet is the workhorse of Navy/Marine Corps tactical aircraft and is also flown by the armed forces of seven allied and friendly countries. Its reliability and precision weapons-delivery capability highlight the Hornet's success. Improvements to the Hornet A/B/C/D variants provide state-of-the-art war fighting enhancements in precision strike, anti-air and C4I capabilities. The more than 680 Navy and Marine Corps Hornets will continue to comprise half of the carrier strike force until 2013, and the A/B/C/D Hornet variants are scheduled to remain in the Naval Aviation inventory through 2022.

E-2D Advanced Hawkeye.—The E-2D Advanced Hawkeye (AHE) program will modernize the current fleet of aircraft carrier based airborne early warning E-2C aircraft. AHE will have a new radar and other aircraft system components that will improve nearly every facet of tactical air operations. The modernized weapons system will be designed to maintain open ocean capability while adding transformational littoral surveillance and Theater Air and Missile Defense capabilities against emerging air threats in the high clutter, electro-magnetic interference and jamming environment. The AHE will be one of the four pillars contributing to Naval Integrated Fire Control-Counter Air. The AHE program plans to build 75 new aircraft. The program is on track to meet the first flight milestone in fiscal year 2007.

P-8A Multi-mission Maritime Aircraft (MMA).—The P-8A is the Navy's next generation MMA, replacing the P-3C. The P-8A missions will include broad area maritime and littoral surveillance, anti-submarine warfare, anti-surface warfare and ISR. The P-8A fulfills the Combatant Commander's requirements for major combat operations, forward presence and homeland defense. It will replace the P-3C on a less than one-for-one basis, and trades 4,500 military billets for 900 contractor billets. IOC for the P-8A is fiscal year 2013.

MV-22B Osprey.—The MV-22 Osprey is the Navy and Marine Corps' next-generation medium-lift assault support aircraft. It will replace the CH-46E and CH-53D. The Osprey will significantly improve the operational reach and capability of deployed forces: The MV-22 is twice as fast, has triple the payload, and six times the range of the airframes it will replace. The Navy and Marine Corps MV-22 requirement is 408 Osprey aircraft.

MH-60R/S Multi-Mission Helicopter.—The MH-60R and MH-60S are the Navy's multi-role helicopters that incorporate advanced sensors and weapons systems to perform a multitude of missions that were previously performed by six different types of aircraft. The MH-60R Multi-Mission Helicopter will replace the SH-60B and SH-60F Seahawk helicopters entirely, and perform the anti-ship role of the fixed-wing S-3 Viking, which is currently being phased out of service. The MH-60R will perform anti-submarine, undersea, and surface warfare missions.

The MH-60S is the Navy's primary Combat Support Helicopter designed to support the Carrier Strike Group and Expeditionary Strike Group in combat logistics, vertical replenishment, anti-surface warfare, airborne mine countermeasures, combat search and rescue, and naval special warfare mission areas.

CH-53X.—The CH-53X is the follow on to the Marine Corps CH-53E Heavy Lift Helicopter and will have double the lift capacity of the CH-53E. The CH-53X will incorporate more powerful engines, an expanded gross weight airframe, composite rotor blades, an updated cockpit and cargo handling systems and will be more survivable. The CH-53X will serve the Navy's sea base and is an integral part of the Marine Corps 2015 Ship-to-Objective Maneuver doctrine. IOC is planned for 2015.

Broad Area Maritime Surveillance (BAMS) Unmanned Aircraft System (UAS).—BAMS UAS is an unmanned aircraft capable of carrying various mission payloads. BAMS UAS will incorporate radar, electro-optical, infrared, and electronic surveillance measures capabilities that will allow BAMS UAS to detect, classify, and identify targets using either active or passive methods. The BAMS UAS is also a key node in the Navy's FORCENet C4I architecture. It will be capable of providing persistent worldwide maritime ISR capability, supporting maritime domain awareness, and providing information that enables commanders to achieve decision superiority.

Global Hawk Maritime Demonstration (GMHD).—GMHD provides a high altitude, high endurance UAV capability seven years before the IOC of the BAMS UAS. Two Global Hawk UAVs are being procured on an Air Force production and modified

with a radar and limited capability ESM suite that support ship detection. GHMD will be used to support testing of persistent maritime ISR technologies, and to help develop Concepts of Operation (CONOPS) and tactics, training, and procedures (TTP) for maritime UAVs.

Joint Unmanned Combat Air System (JUCAS).—JUCAS is a Boeing industries project that will provide the Navy with a carrier-based UCAV capable of performing strike, suppression of enemy air defense (SEAD), and ISR missions in high threat environments against future air defense systems. JUCAS capabilities will help minimize the risk of loss or capture of friendly forces. JUCAS is anticipated to fulfill ISR missions by 2018, with follow-on strike and SEAD mission capabilities achieved by 2024. The Navy's primary initial objective is to complete aircraft carrier flight demonstration of a tailless UAV. Three land-based vehicles are scheduled for first flight in fiscal year 2007 and will demonstrate in-flight refueling capabilities and limited weapons and sensor integration. Two carrier suitable vehicles are scheduled for their first flights in fiscal year 2008. An aircraft carrier demonstration is scheduled for fiscal year 2011.

MQ-8B Fire Scout Vertical Takeoff UAV (VTUAV).—The Navy VTUAV is designed to operate from all aircraft-capable ships. VTUAV will carry modular mission payloads and use the Tactical Control System (TCS) and Tactical Common Data Link (TCDL). VTUAV will provide day/night real time ISR and targeting, as well as C4I and battlefield management capabilities to support the Littoral Combat Ship (LCS) core mission areas of ASW, Mine Warfare (MIW), and anti-surface warfare (ASUW). Fire Scout is currently in Engineering and Manufacturing Development (EMD).

Tactical Control System (TCS).—The Tactical Control System (TCS) provides a common interface for future tactical and medium altitude unmanned aerial sensors (UAS). TCS will enable different UAS to use a common system for mission planning, command and control, and C4I. TCS software will provide a full range of scaleable UAS capabilities, from passive receipt of air vehicle and payload data to full air vehicle and payload command and control from ground control stations both ashore and afloat. TCS gives the Littoral Combat Ship a UAV capability when fielded in conjunction with the Fire Scout VTUAV system. TCS will also be evaluated for use in future programs such as BAMS UAS, MMA, and DD(X).

Pioneer Tactical Unmanned Aerial Sensor (UAS).—The Pioneer UAS System is a transportable ISR platform capable of providing tactical commanders with day and night, battlefield, and maritime ISR in support of Marine expeditionary warfare and maritime control operations. Currently eight air vehicles are deployed with Marine forces and have flown over 12,000 flight hours in support of Operation IRAQI FREEDOM. The Navy operates two air vehicles as test platforms for equipment and system upgrades, which will allow Pioneer sustainment until a follow-on system is fielded. The current USMC UAS plan calls for sustainment of the Pioneer UAS through at least fiscal year 2015, pending the fielding of a replacement system.

DEVELOPING 21ST CENTURY LEADERS

Taking a Fix

The men and women of the United States Navy—active, reserve and civilian—are the lifeblood and heart of the Service. And today they are the best, most talented and capable team of professionals the nation has ever assembled. The Navy currently has an active force of 357,474, of which 39,775 are now deployed. Our reserve community consists of 74,632 sailors, 4,281 of whom are now activated.



Manpower vs Capability

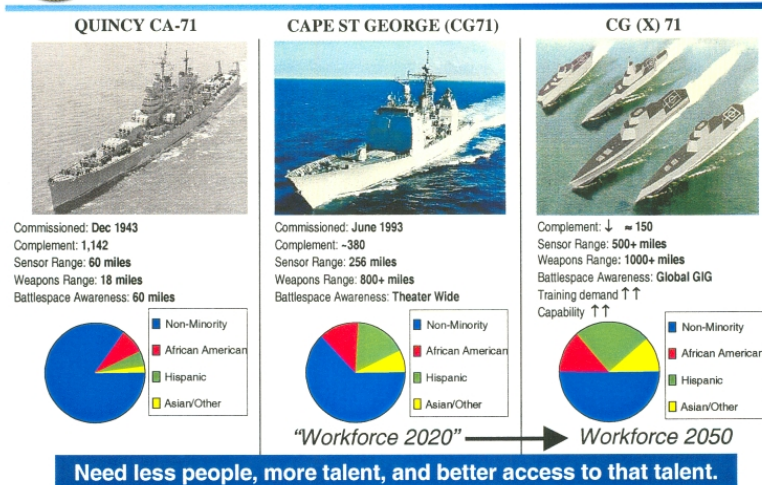


FIGURE 3

The Navy's "Strategy for Our People" provides overarching guidance for achieving a capabilities-based and competency-focused Total Navy workforce (active, reserve, civilian) in synch with Joint and Service-specific mission requirements. Capitalizing on the success of manpower and personnel reforms over the last several years, we will shape a more agile and operationally capable Navy. While we address our skill imbalances we will also focus and improve our efforts in the talent marketplace to achieve a more diverse workforce (see Figure 3). We will link and leverage SEA WARRIOR and National Security Personnel System (NSPS) processes to achieve an agile and robust Total Navy personnel architecture that rewards performance and can quickly respond to emerging competency demand signals.

In fiscal year 2005 the Navy met 100 percent of its active enlisted accession goal, with 95 percent high school graduates and 70 percent in test score category I–IIIA. For reserve enlisted recruiting, Navy met 85 percent of fiscal year 2005 accession goals, with shortfalls in ratings with insufficient numbers of Navy veterans (e.g. Seabees, Master at Arms). In officer programs, 84 percent of active component goals and 90 percent of reserve goals were attained in fiscal year 2005. Shortfalls were mostly in Medical programs.

Retaining the best and brightest Sailors has always been a Navy core objective and essential for our success. Navy retains the right people by offering rewarding opportunities for professional growth, development, and leadership directly tied to mission readiness. Navy has remained successful in filling enlisted operational billets around the world to sustain Fleet readiness objectives.

Key to these successes has been Navy's aggressive program to enhance quality of service for our Total Navy (the combination of quality of work and quality of life). We continue to monitor the impacts of an improving economy and the War on Terror to ensure programs support Sailors and their families and contribute to making the Navy their career of choice. We remain focused on providing adequate pay, health care, housing, proper work environments, and career-long learning for our Sailors.

But retention and the drive to attract and hold onto the best people, underscores the need to seek efficiencies in the force—efficiencies that ultimately will translate into reduced end strength. By the end of fiscal year 2006, your Navy will have reduced its active end strength by almost 30,000 (7.7 percent of the active component) since 2003. Further reductions will result from efficiencies yet to be realized through technological advances that eliminate outdated, labor-intensive jobs. As potential reductions in manpower are identified, the Navy will execute these reductions in a

planned, controlled, and responsible manner that is consistent with the security interests of the country.

Prior to considering Sailors for separation (and selective application of voluntary separation incentives), we employ a progressive approach to evaluate options for retaining Sailors by shifting personnel from overmanned to undermanned skills through retraining and conversion. This is accomplished through a variety of means, including the Perform to Serve, Lateral Conversion Bonus, transfer to fill valid reserve component requirements, or through inter-service transfer (e.g. Army's Blue-to-Green initiative).

After exhausting all logical retention options, consideration is given to releasing Sailors whose service/skills are no longer required. Under no circumstances should we retain personnel in over-manned skills if it is not feasible and cost-effective to move them into undermanned skills. To do so would be poor stewardship of taxpayer dollars and would force Navy to endure gaps in undermanned skills to remain within authorized aggregate strength levels, thereby adversely impacting personnel readiness.

In parallel with the Strategy for Our People, we are pursuing an Active-Reserve Integration (ARI) program that will support a more operational and flexible unit structure. The Navy Reserve is evolving into a flexible, adaptive, and responsive operational force needed to fight the asymmetric, non-traditional threats of our future. Active-Reserve Integration has already enabled a Reserve Force that is ready, relevant, and fully integrated into our nation's defense both overseas and in the homeland. We recognize and value the diverse skills our Reservists possess, accrued in both military service and civilian life.

Our vision for the future is to capture the skills of our outstanding citizen Sailors for life. In the "Sailor for Life" model, Reservists would seamlessly transition between reserve and active components, answering the nation's call to arms when needed. The Congress' continued support of financial incentives and bonuses will ensure the retention of these highly skilled Sailors.

Navy Reserve Sailors have performed a pivotal role in the Global War on Terror. Mobilized Sailors provide a portion of this support—4,281 Sailors are currently serving on involuntary mobilizations in such areas as Customs Inspection, Cargo Handlers, Navy Coastal Warfare, Naval Construction Battalions, Medical and Corpsmen, Helicopter Special Operations Forces Support and numerous others. But mobilization alone does not reflect the total contribution of the Navy's Reserve. On any given day, an additional 15,000 Reservists are providing operational support to the Fleet around the globe. During the past year, Reserve Sailors have provided over 15,000 man-years of support to the Fleet. This support is the equivalent of 18 Naval Construction Battalions or two Carrier Battle Groups.

Finally, we must recognize another aspect of readiness that is equally as important as preparing and maintaining our ships and training and equipping our Sailors. "Family readiness" describes the support needed to ensure our Sailors and their families are as well prepared for operations as our ships and airframes. The Navy is working hard to implement the right support mechanisms, Ombudsman training, Family Advocacy programs, Spouse Education and Employment programs, mentorship, and family counseling. We can do little without the support of our families, and it is up to us to ensure they are well taken care of and ready and eager to support.

Plotting the Course: Where we're heading in Developing 21st Century Leaders

To better serve the men and women who are the United States Navy, and in turn, enable them to be as effective as possible in a challenging new global era, we must: improve diversity; encourage and reward continuing education and training that stresses critical thinking; institutionalize executive development; assign our best and brightest to critical Joint, interagency, and foreign exchange tours; increase access to foreign language and cultural awareness training; respond rapidly to significant changes in leading indicators for recruiting and retention; and, better recognize the important role families play in our readiness and quality of life. It is this commitment to our own that will best demonstrate our resolve and determination in a new era.

New opportunities and security challenges require new skill sets. Brainpower is as important as firepower. Our Sailors must be empowered to operate and fight in a vast array of environments that range from failing states and ungoverned spaces to the most technologically advanced nations, virtual worlds and cyberspace. They will form the foundation of an expeditionary force when and where required. They will be expected to understand and foster cooperation in cultures far different from our own. They will be ambassadors, educators, health care providers, mentors, and friends to a diverse cross-section of the global community. They must be equipped

with the tools and skills to meet these challenges, to excel as professionals, and to develop as individuals.

We are increasingly leveraging technology to improve our warfighting advantage and to broaden the skill sets required to meet the multi-cultural, asymmetric challenges of this century. Advances in ships and system design allow us to shed some obsolete, labor-intensive functions while improving productivity and war fighting readiness. Economies are gained by eliminating redundant and non-essential skill sets. The optimal end-strength for our active and reserve components must reflect the economies derived from transforming the force to meet the challenges we face in this new century.

The concept of Total Navy encompasses those serving the Department of the Navy in uniform and in a civilian capacity, active and reserve component alike. NSPS is a new personnel system that will create civil service rules for the 750,000 civilian workers in the Department of Defense. It strengthens our ability to accomplish the mission in an ever-changing national security environment. NSPS accelerates Department of Defense efforts to create a Total Force (military personnel, civilian personnel, Reserve, Guard, and contractors), operating as one cohesive unit, with each performing the work most suitable to their skills. The Navy's "Strategy for our People" needs a manpower and personnel system that appropriately recognizes and rewards our civilian employees' performance and the contributions they make to the Department of Defense mission. NSPS gives us better tools to attract and retain good employees.

Throughout Total Navy, diversity is a fundamental building block upon which the Strategy for our People stands. The Navy's diversity objectives are aimed at improving our access to the full range of the nation's talent and improving our ability to harvest and represent the full strength of the nation. The "Strategy for Our People" views Total Navy as a team, whose people are treated with dignity and respect, are encouraged to lead, and feel empowered to reach their full potential. Total Navy diversity represents all the different characteristics and attributes of individual Sailors and civilians, which enhance our mission readiness.

Training, education, mentoring, and leadership programs are aimed at increasing awareness of diversity and creating a culture that promotes growth and development opportunities for every member of the Navy. These programs are currently funded through Training and Education commands. Specific diversity-focused training for leadership is a newly funded initiative that seeks to create awareness and communication skill competencies for all levels of leadership and embed diversity values into the force.

The Navy is a full partner and supporter of the Department's Training Transformation Program. We are better preparing units and staffs for joint operations through the Joint National Training Capability, and individuals for joint assignment through the Joint Knowledge Development and Distribution Capability.

The cornerstone of Navy's "Strategy for Our People" is the SEA WARRIOR program. SEA WARRIOR comprises the Navy's training, education, and career-management systems that provide for the growth and development of our people. It provides them with greater individual career management and enables them to take a more active role in furthering their careers through education and training opportunities. SEA WARRIOR will include an automated, web-enabled system and processes which will increase overall mission effectiveness by efficiently developing and delivering an optimally matched, trained, educated, and motivated workforce.

Getting Underway: Programs and Practices in Support of Developing 21st Century Leaders

The Navy's "Strategy for our People" provides the guidance and tools to assess, train, distribute, and develop our manpower to become a mission-focused force that truly meets the warfighting requirements of the Navy. At the same time, we must improve the work-life balance and quality of service so our Sailors and civilians will enjoy meaningful job content, realize their important contributions, and have expanded opportunity for professional and personal growth. We will deliver all the above, while tackling head-on the pernicious challenges of sexual harassment, sexual assault, and substance abuse, and offering an environment that values and rewards diversity.

Programs and practices of particular interest include:

Diversity.—The Navy diversity strategy is aimed at creating and maintaining our Navy as a team, whose people are treated with dignity and respect, are encouraged to lead and feel empowered to reach their full potential. Specific initiatives are aligned under the four focus areas of recruiting, growth and development, organizational alignment, and communications. Navy has increased advertising and mar-

keting funds specifically targeted at diversity recruiting for the past five years. We have also chartered outreach programs aimed at minority and female engineering and technical organizations.

Transforming training, education, mentoring, and leadership programs are aimed at increasing awareness of diversity and creating a culture that provides growth and development opportunities for every member of the U.S. Navy. The Navy is currently developing a Concept of Operations (CONOPS) for an aggressive program to increase the diversity of our Service.

Some Examples of progress to date include:

—*Recruiting*.—Coordination of national public awareness and recruiting events. Increased diversity event sponsorship. More visibility into ROTC application, recruiting, and board processes.

—*Developing*.—Diversity awareness and communication training has been built into all levels of leadership development courses; Navy-wide Equal Opportunity Advisor (EOA)/Diversity symposium will become an annual event.

—*Alignment/Oversight*.—Diversity Senior Advisory Group and Fleet Diversity Councils will coordinate best practices with various Navy Enterprises.

Enlisted Retention (Selective Reenlistment Bonus).—Selective Reenlistment Bonus (SRB) continues to be our most effective retention and force-shaping tool, enabling us to retain the right number of high quality Sailors with the right skills and experience. More importantly, it affords Navy the ability to compete in a domestic labor market that increasingly demands more skilled, technically proficient, and adaptable personnel.

The Navy is continuing to transform our workforce by recruiting fewer generalists and becoming a predominantly technical and more experienced force. To retain the critical skills we need, our SRB strategy has shifted from targeting general skill sets with less than ten years of service, to focusing on the specialized skills of Sailors across the career continuum (up through 14 years of service). Navy has applied increasing analytical rigor in predicting and monitoring reenlistment requirements. By monitoring actual reenlistment behavior down to the individual skill level, Navy personnel managers review clear and unambiguous data to ensure precious SRB dollars are applied only when and where needed, based on requirements and outcome.

We are grateful to Congress for increasing the SRB cap from \$60,000 to \$90,000 and will ensure the higher award cap is judiciously applied. A portion of this increased SRB may be used to reverse declining retention among our most skilled personnel in the Nuclear Propulsion specialties. Fiscal year 2005 culminated in achieving only half of our zone B nuclear rating reenlistment goal and left several nuclear specialties at less than 90 percent of required manning. Applying an increased SRB level to retain these highly trained, highly skilled, and highly sought after personnel makes sense, both financially and from a force readiness perspective. The Navy saves over \$100,000 in training costs and 10 to 14 years of irreplaceable nuclear propulsion plant experience for each individual SRB enables us to reenlist. The additional flexibility provided by the SRB cap increase will allow Navy to incentivize experienced nuclear-trained personnel and to address other skill sets as retention trends emerge.

Having a flexible and adequately resourced SRB program will help us continue to sustain high readiness with a top quality work force.

Officer Retention.—Creating an environment conducive to professional growth that provides an attractive quality of service, including education, adequate pay, health care, and housing, will aid retention efforts. However, continued focus on increasing unrestricted line (URL) officer retention across all warfighting disciplines is required. Officer retention shows positive trends despite shortfalls in the ranks of Lieutenant Commander to Captain in the surface and submarine unrestricted line communities.

National Security Personnel System (NSPS).—NSPS strengthens our ability to accomplish the mission in an ever-changing national security environment. NSPS accelerates the Department's efforts to create a Total Force (military personnel, civilian personnel, Reserve, Guard and contractors), operating as one cohesive unit, with each performing the work most suitable to their skills.

Civilian Career Management.—The Navy supports efforts to develop a career management system for civilian employees. Our approach includes documenting and validating competencies for use in career planning and development. The validated competencies will be made available to the workforce as career roadmaps through both 5 Vector Models (Navy) and the Civilian Workforce Development Application (CWDA) (USMC). Also in process is the development of guidance directed toward supervisors and employees indicating how to use competency data to assist with the performance management process including career planning and development.

Health Care.—A vital part of Navy and family readiness hinges on our commitment to provide top quality health care for our active and retired personnel and their dependants. Navy Medicine transformation initiatives link authority and accountability to facilitate performance-based management that maximizes efficiencies while maintaining quality. Increases in the cost of providing health services in Navy Medical Treatment Facilities (MTFs), for example, have been kept below the healthcare rate of inflation and that trend is expected to hold true in the out-years. As a priority, the Navy is also carefully monitoring the support offered to service members who were injured during OEF/OIF service, ensuring a seamless transition to the services available through the Veteran's Administration (VA).

The Department of Defense and Congress have established TRICARE as the "gold standard" health care benefit. Health care costs have increased dramatically in recent years and are expected to grow at rates that exceed standard indices of inflation¹. Far from being immune to these costs, the DOD must include this reality in the budgetary calculus of providing for the nation's security. DOD TRICARE costs have more than doubled in five years from \$19 billion in fiscal year 2001 to \$38 billion in fiscal year 2006, and analysts project these costs could reach \$64 billion by 2015—more than 12 percent of DOD's anticipated budget (versus 8 percent today). On the other hand, TRICARE Premiums have not changed with inflation since the program began in 1995, so that total beneficiary cost shares have declined substantially—27 percent of total benefit cost in 1995 while 12 percent in 2005.

When TRICARE for Life was developed for the 2001 National Defense Authorization Act, we could not have anticipated the growing number of retirees and their dependents, not yet Medicare eligible, who have chosen or have been driven to switch from private/commercial health care plans to TRICARE in order to better cope with rising health care costs. Indeed, the Services are increasingly picking up the tab for businesses, local and state governments unwilling or unable to provide adequate health care benefits to their retired Veteran employees.

The Navy will continue to meet our security commitments to the American people while fully supporting the health care needs of our active and reserve members and their families and keeping the faith with those who stood the watch before us. This can be accomplished by working cooperatively with Congress to implement carefully crafted initiatives and administrative actions that will restore appropriate cost sharing relationships between beneficiaries and the Department of Defense.

Family Advocacy.—Navy Family Advocacy Program (FAP) has led the way among the Services and the Department of Defense in domestic abuse policy and process by: providing victim advocacy at some Navy installations since the mid-1990s, and by (since 1997) responding to allegations of domestic abuse between unmarried intimate partners, providing a formal diversion process for low-risk cases, and providing limited discretionary reporting when a victim of domestic abuse seeks counseling voluntarily. Navy commands remain active partners in stopping family violence and responding to domestic abuse.

Sexual Assault.—Navy now provides 24/7 response capability for sexual assaults on the installation and during deployment by activating watchbills for victim advocates and notifying the installation Sexual Assault Response Coordinators (SARC). Victims of restricted cases of sexual assault are offered advocacy, medical and counseling services without triggering an investigation through law enforcement or the command.

Active-Reserve Integration.—Active Reserve Integration (ARI) aligns Reserve Component (RC) and Active Component (AC) personnel, training, equipment, and policy to provide a more effective and efficient Total Navy capable of meeting dynamic National Defense requirements.

The Navy is currently aligning RC and AC units to better meet Operation IRAQI FREEDOM and Operation ENDURING FREEDOM requirements and the Navy's vision for our future force structure: RC Helicopter-Combat Support (HCS) missions will be integrated into AC Helicopter missions; RC and AC Explosive Ordnance Disposal (EOD) Units are being integrated and two RC Navy Coastal Warfare Units (NCW) are being converted to the AC. The Navy is also studying the role of the RC in future Navy mission areas of Riverine Warfare and Civil Affairs. In support of Operations Iraqi Freedom and Enduring Freedom, AC and RC Sailors are working together to fill billets in Civil Affairs, Detainee Operations, Intelligence, and Reconstruction Team efforts.

The Navy Reserve has evolved from a strategic force of the Cold War to the flexible, adaptive and responsive operational force required to fight the asymmetric, ir-

¹Total national health expenditures increased by 7.7 percent in 2003 (over 2002), four times the rate of inflation in 2003. Smith, C.C. Cowan, A. Sensenig and A. Catlin, "Health Spending: Growth Slows in 2003," *Health Affairs* 24:1 (2005): 185–194.

regular wars of the future. Change of this magnitude is not easy and challenges the senior leadership of both the AC and the RC. Support of the Congress is critical as we implement initiatives that will enable the effective and efficient use of both manpower and equipment, providing resources needed to recapitalize the Navy of the future. The total number of Navy Reservists, both Selected Reserves (SELRES) and Full Time Support (FTS), will be 73,100 at the end of fiscal year 2006.

SEA WARRIOR.—SEA WARRIOR comprises the training, education, and career-management systems that provide for the growth and development of our people and enhance their contribution to our Joint warfighting ability. SEA WARRIOR leverages technology to provide Sailors the choice and opportunity for professional development and personal growth through Navy Knowledge Online (NKO), the Job Career Management System (JCMS), and the maturing of the 5 Vector Model—5VM (professional development, personal development, leadership, performance, certification and qualification). SEA WARRIOR will also provide commanders with a better manpower fit, matching the Sailor with exactly the right skills and training to the billet.

Task Force Navy Family.—Task Force Navy Family (TFNF) was established to help our people who were affected by hurricanes Katrina, Rita, or Wilma. In all, the lives of more than 88,000 Navy personnel, retirees, and immediate family members were severely disrupted. TFNF leveraged existing agencies and local Community Support Centers to ensure that each Navy Family was contacted personally and, if desired, assigned an individual “Family Case Manager.” TFNF has resolved 15,300 unique issues (76 percent of those reported). Housing and financial problems were, and remain, the most difficult to resolve, with over 1,000 severe issues yet to be resolved.

TFNF has now completed its original task and has transitioned outstanding issues to Commander, Naval Installations Command and others for final resolution. In the process of serving our Navy family, TFNF has helped develop tools and structures that can be rapidly deployed in the event of future catastrophic events and render aid more efficiently and quickly.

Key lessons learned by TFNF focused on communications, information sharing, and taking care of those affected by the devastation. These lessons learned, including the need for a more effective method of accounting for the whereabouts of ashore personnel and their families during crises, have been tasked to the appropriate organizations within the Navy for follow up and development of action plans.

Foreign Area Officer Program.—Recognizing the need to build partner capacity, the QDR calls for the Navy to reinvigorate the Foreign Area Officer program. Navy has begun establishing a separate Restricted Line community of 300–400 officers that will compete discretely for statutory promotion through Flag rank. Navy’s Foreign Area Officers (FAOs) will form a professional cadre with regional expertise and language skills who will provide support to Fleet, Component Commander, Combatant Commander and Joint Staffs. Their immediate mission will be to rapidly improve the Navy’s ability to conduct Theater Security Cooperation (TSC), improve partner capacity in GWOT, and generate Maritime Domain Awareness while improving Navy’s readiness and effectiveness in the conduct of conventional campaigns against increasingly sophisticated regional adversaries. The first FAO selection board was held December 14–15, 2005. 42 personnel were selected for lateral transfer and four of these officers already meet regional/cultural expertise and language skill requirements. They will be detailed to existing FAO billets in fiscal year 2006.

Joint Professional Military Education (JPME).—As ongoing operations in Iraq, Afghanistan, and the Global War on Terror (GWOT) vividly illustrate, Navy must continue to adapt to growing Joint warfighting and interagency planning demands. Meeting such requirements will prepare our nation to defeat extremist groups and state adversaries who will challenge us in ways far different than in the past. We continue to develop a continuum of professional education and training to enhance the ability of Navy leaders to provide unique and complementary warfighting skills. Leaders who demonstrate the highest potential for service will be rewarded with in-residence Joint Professional Military Education (JPME), to prepare them to excel in naval, Joint, multi-national and interagency billets around the world. Non-resident courses are often facilitated through Advanced Distributed Learning. Navy personnel are also enrolled in Joint Knowledge Development and Distribution Capability courses to better prepare them for joint assignments.

Navy Education.—Education is a key enabler in developing the competencies, professional knowledge and critical thinking skills to deliver adaptable, innovative combat-ready naval forces. The Navy will develop a continuum of capabilities-based and competency-focused life-long learning to keep naval forces on the cutting edge for mission accomplishment as well as to provide for the professional and personal growth of our people. Navy education must be tied to requirements and capabilities.

Central to our efforts are the Naval Reserve Officers Training Corps (NROTC), the Naval Academy, Naval Postgraduate School, and the Naval War College.

The Naval Reserve Officers Training Corps (NROTC) Program comprises 59 NROTC units at 71 host institutions of higher learning across the nation. In addition, Departments of Naval Science are located at the United States Merchant Marine Academy and 6 selected state maritime institutions, two of which also host NROTC units. NROTC is the key source of nuclear power candidates, nurses and increased officer corps diversity. NROTC is designed to educate and train qualified young men and women for service as commissioned officers in the Navy or Marine Corps. NROTC prepares mature young men and women morally, mentally, and physically for leadership and management positions in an increasingly technical military. In addition, participation in the naval science program instills in students the highest ideals of duty, honor and loyalty.

The Naval Academy gives young men and women the up-to-date academic and professional training needed to be effective naval and marine officers in their assignments after graduation. Renowned for producing officers with solid technical and analytical foundations, the Naval Academy is expanding its capabilities in strategic languages and regional studies.

The Naval Postgraduate School (NPS) is our cornerstone of graduate education providing relevant, defense-focused degree and non-degree programs in residence and at a distance. We are expanding resident opportunities at NPS where the distinctly Joint and international environment contributes to the resident academic experience by mirroring the nature of today's operating forces. Included in this expansion is the support of regional expertise development within our Foreign Area Officer program. We are also increasing access to NPS graduate education through a variety of non-resident, distance learning opportunities.

NPS may be one of our best tools to ensure the alignment of advanced operational concepts and technologies among the Department of Defense, Homeland Security, Inter-agency, and international military partnerships. NPS provides specialized programs that support U.S. national security priorities and the Combatant Commanders, including counter-terrorism, homeland security, and security cooperation. Masters Degree programs and seminars have been developed on Homeland Defense and Security, as well as Counter-drug Strategy and Policy, for the Department of Homeland Security. NPS teaches a classified graduate education program for the National Security Agency, is a University of choice for the National Reconnaissance Office, and NASA sponsors the annual Michael J. Smith NASA Chair at NPS with focused areas of space research, education and training for future astronaut candidates. Additionally, NPS receives sizeable annual funding from the National Science Foundation for basic research in oceanography, meteorology, information sciences, engineering, and technology development, often partnering with other universities on interdisciplinary research projects.

The Naval War College is the centerpiece of Navy Professional Military Education and maritime-focused Joint Professional Military Education that develop strategically minded critical thinkers and leaders who are skilled in naval and Joint warfare. The Naval War College is restructuring its programs to improve comprehensive development of operational warfighting competencies, and key cross-functional and special competencies, including regional studies. We are increasing both War College resident and distance learning opportunities. Completion of non-resident courses and programs is facilitated through Advanced Distributed Learning.

CONCLUSION

The Navy cannot meet the threats of tomorrow by simply maintaining today's readiness and capabilities. Our adversaries will not rest, our global neighbors will not wait. Neither will we. Building upon Sea Power 21, we must continue to transform and recapitalize for the future without jeopardizing our current readiness and the strides we have made—and continue to make—in personnel and manpower management. With our partners in industry, the acquisition community, OSD, and the interagency, and with the continuing support of the Congress, the Navy will build a force that is properly sized, balanced—and priced for tomorrow.

We will build for our nation and its citizens the right Navy for a new era. American Sea Power in the 21st Century is the projection of power, and more: it extends beyond the sea; it is Joint and interagency; it requires awareness and understanding; it enables access and cooperation; it provides for presence and interaction; it is driven by compassion and collective security; and, it is decisive and lethal.

Your Navy would not have remained, for 230 years, the world's premier maritime force without the constant support of the Congress and the people of the United States of America. I would therefore like to thank you once again, on behalf of the

dedicated men and women who daily go in harm's way for our great nation, for all that you do to make the United States Navy a force for good today and for the future.

BIOGRAPHICAL SKETCH OF ADMIRAL MICHAEL G. MULLEN

A native of Los Angeles, Calif., Admiral Mullen graduated from the U.S. Naval Academy in 1968. He has served in Allied, Joint and Navy positions, overseas and in both the Atlantic and Pacific Fleets.

As a junior officer, he served in various leadership positions aboard USS Collett (DD 730), USS Blandy (DD 943), USS Fox (CG 33) and USS Sterett (CG 31). Adm. Mullen commanded three ships: USS Noxubee (AOG 56), USS Goldsborough (DDG 20), and USS Yorktown (CG 48). As a Flag Officer, he commanded Cruiser-Destroyer Group Two and the George Washington Battle Group. Adm. Mullen's last command at sea was as Commander, U.S. Second Fleet/Commander, NATO Striking Fleet Atlantic.

Ashore, Adm. Mullen served as Company Officer and Executive Assistant to the Commandant of Midshipmen at the U.S. Naval Academy. He also served in the Bureau of Naval Personnel as Director, Surface Officer Distribution and in the Office of the Secretary of Defense on the staff of the Director, Operational Test and Evaluation. On the Chief of Naval Operations' staff, Adm. Mullen served as Deputy Director and Director of Surface Warfare; Deputy Chief of Naval Operations for Resources, Requirements, and Assessments (N8); and as the 32nd Vice Chief of Naval Operations.

Adm. Mullen graduated from the Naval Postgraduate School in Monterey, Calif., with a Master of Science degree in Operations Research. He is also a graduate of the Advanced Management Program at the Harvard Business School.

Adm. Mullen's most recent operational assignment was Commander, Joint Force Command Naples/Commander, U.S. Naval Forces Europe. Based in Naples, Italy, he had operational responsibility for NATO missions in the Balkans, Iraq, and the Mediterranean as well as providing overall command, operational control, and coordination of U.S. naval forces in the European Command area of responsibility.

Admiral Mullen became the 28th Chief of Naval Operations on July 22, 2005.

Senator STEVENS. Thank you very much, Admiral. General Hagee, do you have a statement, sir?

General HAGEE. Sir, I do. Mr. Chairman, Senator Inouye, Chairman Cochran, others members of this distinguished subcommittee, good morning.

Senator Inouye, like the Secretary of the Navy and the Chief of Naval Operations, on behalf of all marines I would like to extend our most heartfelt condolences and sympathies on the loss of your wife Maggie, and assure you that our thoughts and prayers are with you during this time.

It's my privilege to be here with my shipmate and good friend, the CNO, Admiral Mike Mullen. As he mentioned, we've known each other for some time, since 1964, and we actually like each other—since 1964, and it does in fact make a difference.

And I'm also happy to be here with our new Secretary of the Navy, to report on the state of your Marine Corps.

Sixty-one years ago today, there was a slight pause in the battle for Iwo Jima. The flag raising on Mount Suribachi had occurred just a few days earlier, but had seemed a distant memory to the marines on the island. As Lieutenant General Howlin Mad Smith and the leadership of the 5th Amphibious Corps peered down from the Motoyama Plateau, they contemplated the scope of hardships they would endure in securing the remaining northern third of that island from a determined and lethal foe.

Today we pause to report on the state of the Department of the Navy in our preparedness for the unknown battles which await us in this long war against yet, another determined and lethal foe.

Marines executing this war today know they're well equipped, well trained, well led, and have the backing of the American people and their Congress. They and their families also know they are doing something important and they are making a difference.

On behalf of all marines and our families, I would like to thank you for your strong and unwavering support.

I would also like to extend my personal appreciation for the time you take to visit our wounded and console the families of our fallen warriors.

Now in the fifth year of this conflict, the future remains uncertain. However, history teaches us that uncertainty is best met with flexibility and adaptability—two principles which have long characterized your Marine Corps.

My written statement lays out some of the actions we've taken in training, education, and organization to increase our flexibility and adaptability in the fight against this ruthless and determined enemy.

We have embraced culture and language as combat multipliers, we are institutionalizing this effort through our Center for Advanced Operational Cultural Learning. This center will help develop regional expertise in our career marines.

Additionally, we have revamped our pre-deployment training at Twentynine Palms, Ridgeport, California and Yuma, Arizona to better prepare our units for the nontraditional environment.

Finally on February 24, we activated the Marine Corps Forces Special Operations Command (SOCOM), which will add about 2,600 marines to SOCOM, increasing its capacity and capability. With over one-third of our operating forces deployed, we retain the ability to rapidly respond to additional contingencies as they rise.

This Nation invests tremendous capital in its naval forces and this past year, these forces responded across the spectrum of conflict, from Iraq to tsunami relief in the Indian Ocean, to earthquake relief in Pakistan, to aid for fellow Americans across Louisiana and Mississippi, and finally, in a mudslide engulfed a village in the Philippines. Maritime forces have demonstrated their readiness, relevance, and responsiveness as part of the joint force.

In terms of recruiting and retention, this past year has been challenging, but successful. Thanks to the dedication of your marines and your continued support of our recruit advertising and reenlistment bonuses we continue to make mission. Further, the quality of marines we recruit and retain remains high.

We continue to modify our equipment, training, and tactics to the adaptive enemy of today and to be ready to face the warfighting challenges of the future.

However, as I mentioned in previous testimony, the current operational tempo and environment are significantly degrading the service life of our equipment. We estimate the total cost to reset our force is about \$11.7 billion. This amount is in addition to the annual cost of war needs, which we estimate to be approximately \$5.3 billion in fiscal year 2006.

We ask for your support of the supplemental request to reset our capabilities and ensure we remain prepared for the unforeseen challenges of tomorrow.

However in the final analysis, it is not the equipment but our people who make the difference. Be they Active Reserve or civilian, your marines and their families are making the greatest sacrifices. I know that you share the conviction that we cannot do enough for these young Americans who so willingly go forward for the sake of our country.

PREPARED STATEMENT

I firmly believe that the most dangerous weapons system on any battlefield is a well armed, well educated U.S. marine and with your continued support, this will not change.

I look forward to answering your questions.

[The statement follows:]

PREPARED STATEMENT OF GENERAL MICHAEL W. HAGEE

Chairman Stevens, Senator Inouye, distinguished members of the Subcommittee, it is my honor to report to you on the state of your Marine Corps. Now entering the fifth year of what is a long war, your Marine Corps is wholly fixed on this challenge to the Nation. This conflict requires the uniformed services to provide a broader range of capabilities supporting extended global operations, ultimately delivering greater agility, adaptability, and duration of sustainment. While our armed forces continue to predominate in traditional warfare, our current enemy necessitates the adoption of unconventional and indirect approaches throughout the Joint Force.

History reveals a pattern of Marines aggressively adapting to circumstances, and we consider ourselves in the vanguard of instituting the changes required to address the present challenge. The over 30,000 Marines serving on the forward fronts in the Central Command Area of Operations today are a manifestation of transformational advances in manning, training, educating, and equipping to confront this latest threat to our way of life. From force structure revision, to urban training facilities, to cultural and language instruction, to leveraging emerging technologies, our efforts recognize the new character of conflict, and we are delivering both Marines and Marine units that thrive in the uncertainty which will likely define warfare throughout the coming decades.

This war, like any other, is costly, and the essence of this statement outlines the challenges we share in sustaining the caliber of service the Nation has come to expect from its Corps of Marines. Readiness is the enduring hallmark of your Marine Corps, and if this war ended today, we would require continued supplemental budgetary support in order to "reset the force." We also remain committed to providing for your Marines and their families in a manner befitting their dedication and selfless sacrifice.

Marines are grateful for the unwavering support of Congress, welcome the opportunity to report on the present state of the Corps, and consider service to the Nation during this demanding period a distinct privilege.

INTRODUCTION

Today, Marines are forward deployed in prosecution of the Global War on Terror, as they have been since that fateful day in September 2001. The performance of Marines on the field of battle during these last four years has validated our commitment to warfighting excellence and to remaining the world's foremost expeditionary warfighting organization.

Our bedrock is our warrior ethos and the philosophy that every Marine is first a rifleman. We recruit quality Americans whom we then infuse into a culture that requires individuals to think independently and act aggressively in chaotic and unpredictable environments where information is neither complete nor certain. We rigorously train these young Marines to perform under adverse circumstances, and to accept greater responsibility as part of a team. We educate these Marines and their leaders to prepare their minds for the intellectual component of the clash of wills and chaos inherent to combat. These past four years have further validated our forward deployed posture, our maneuver warfare doctrine, our adaptive logistics backbone, and the unique flexibility and scalability of the combined-arms Marine Air-Ground Task Force construct. Time and again, we have delivered to the Combatant Commander a solution tailored to their joint force requirements.

In an uncertain world, readiness is the coin of the realm. In November 2001, at the direction of the Combatant Commander, we projected the combat power of two Marine Expeditionary Units some 350 miles into the heart of Afghanistan during Operation ENDURING FREEDOM. Less than 18 months later, we deployed 70,000 Marines and Sailors in less than 60 days in support of Operation IRAQI FREEDOM. As part of the Joint Force, our 500-mile push from Kuwait, through Baghdad, and up to Saddam's hometown of Tikrit more than doubled our doctrinal expectation for force projection.

After a short respite at home, we again demonstrated the readiness and responsiveness to the Joint Force Commander by deploying 25,000 Marines back to Iraq in March 2004. We are now entering our third year in the Al Anbar province and the servicemen and women of the Multi-National-Force-West have acquitted themselves in such locales as Fallujah, Ramadi, and throughout the Euphrates River valley with valor and distinction.

In 2004, we also provided a combined-arms Marine Expeditionary Unit for the "Spring Offensive" in Afghanistan, significantly reducing the Taliban's influence and setting the stage for the national elections which followed. We continue to provide support in Afghanistan in the form of embedded training teams with the Afghan National Army.

The Nation invests tremendous capital in its naval forces, and this past summer the Navy-Marine team had an opportunity to turn that capability homeward in support of our fellow Americans along the Gulf Coast ravaged by Hurricanes Katrina and Rita. Organized as a Special-Purpose Marine Air-Ground Task Force, over 2,500 Marines from both the active and reserve forces came to the aid of communities across Louisiana and Mississippi. Marines and Sailors welcomed this direct involvement in a domestic humanitarian crisis that further highlighted the strategic flexibility of naval forces in meeting challenges to the Nation both around the world and at home.

The Nation is receiving a superb return on its investment in the world's finest expeditionary force. Nearly one in three Marines of our operating forces is today forward deployed or forward based protecting America's interests.

RESETTING THE FORCE AND PREPARING FOR THE NEXT CONTINGENCY

The War on Terror has made extraordinary demands on the Marine Corps' tactical equipment. Extended operations in Iraq, Afghanistan, and elsewhere over the past several years have severely tested our materiel. The great majority of our equipment has passed the test of combat with flying colors. However, it has been subjected to a lifetimes' worth of wear stemming from vehicle mileage, operating hours, and harsh environmental conditions.

Current Optempo Reduces Equipment Service Life

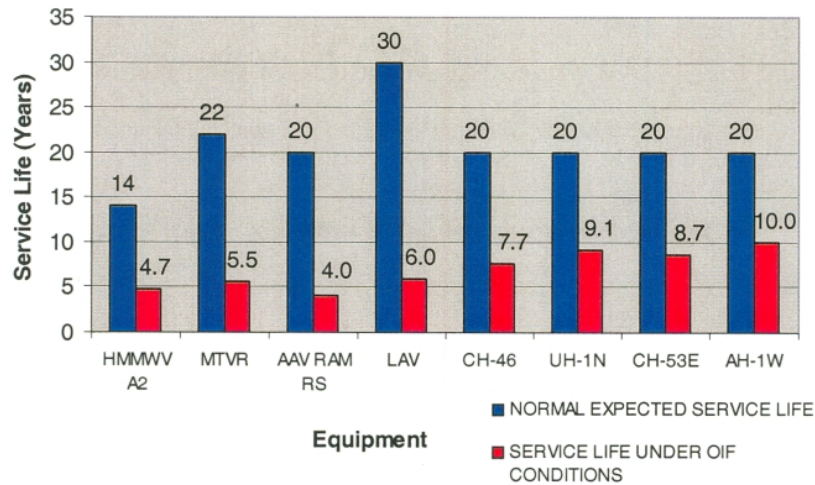


FIGURE 1

We documented this situation last year in an Iraqi Theatre Assessment of Equipment Readiness Report. Figure 1 demonstrates the impact of the operating tempo on both ground and air vehicles. We have responded to enemy tactics and techniques, such as the employment of increasingly destructive improvised explosive devices (IED), by adding armor protection to vehicles—thereby increasing their weight and ultimately increasing the wear and tear on frames, axles, and suspension systems. In the case of the HMMWV, for example, its expected “peacetime” service life is 14 years. Under current conditions, we will have to replace it after less than 5 years of service in Iraq.

The significant distances in the Al Anbar Province, which is approximately the size of the state of Utah, exacerbates the demand on equipment. The extended distances, enemy tactics, and continuous nature of operations have placed extraordinary demands on Marine engineering equipment as well. We maintain roads and infrastructure across the Al Anbar province to accommodate the heavy logistics support demanded by coalition forces. Control points and compounds require round-the-clock power generation for vital communications, equipment repairs, and hospitals. These requirements place a heavy demand on the existing inventory of Marine Corps’ engineering equipment such as power generators, tractors, forklifts, and road construction vehicles.

Our expansive area also requires our headquarters’ elements to perform the command and control functions normally held by the next higher command in traditional tactical and operational settings (e.g., battalion headquarters often function like a regimental headquarters). The Marine Expeditionary Force in Al Anbar has command and control requirements that far exceed the existing organizational tables of equipment.

The Equipment Readiness Report also noted that the types of missions we are conducting in Iraq require an increase in the number of some weapons contained in the units’ Table of Equipment allowance. For example, most infantry, logistics, and security battalions are employing twice the number of .50 caliber, M240G and MK19 machineguns they normally rate.

Supplemental funding (Figure 2) is essential to address “Reset the Force” and wartime contingency costs since our annual baseline budget procurement averages approximately \$1.5–\$2.0 billion.

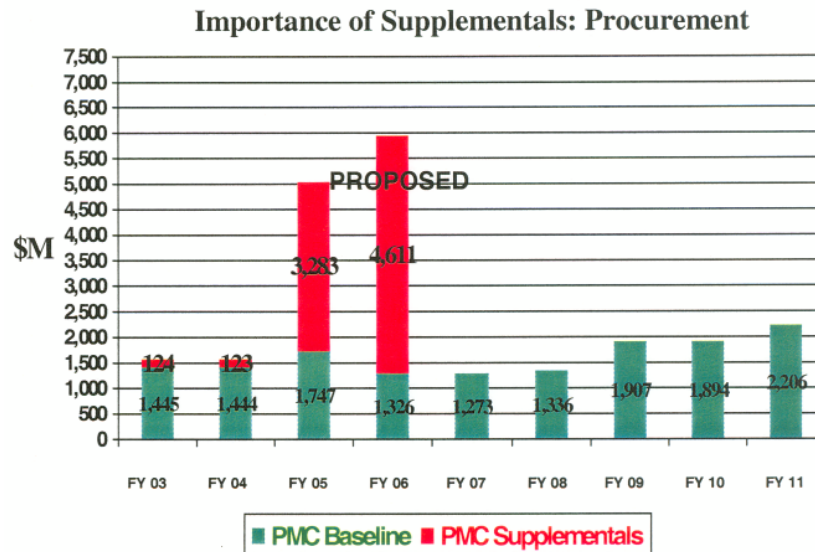


FIGURE 2

Where there are equipment shortages, we equip units preparing to deploy at the expense of our non-deploying units. Maintaining the readiness of our forward deployed units remains our top priority, and their readiness remains high. The equipment shortages experienced by non-deploying forces are exacerbated by the requirement to source the Iraqi Transition Teams (advisors). Although the overall readiness of our remain-behind units is suffering, it will improve when sufficient quantities of equipment procured via supplemental funding becomes available. Until then, sustaining the Corps' readiness requires that our remain-behind units continue cross leveling equipment with each force rotation.

Reset of Strategic Prepositioning Programs.—Equipment from the Marine Corps' two strategic prepositioning programs (the Maritime Prepositioning Force and Marine Corps Prepositioning Program—Norway) has been employed in support of the Global War on Terror. Maritime Prepositioning Ships Squadrons 1 and 3 are fully reconstituted. The majority of Maritime Prepositioning Ships Squadron 2's equipment was employed during Operation IRAQI FREEDOM II. This squadron will complete its initial reconstitution in April 2006, but will only be partially mission capable until all ground equipment is delivered. The Marine Corps Prepositioning Program—Norway currently possesses approximately 35 percent of its ground equipment, and the other classes of supply are at 98 percent or better. The majority of the other Maritime Prepositioning Ships squadron capabilities range between 92–100 percent.

PREPARING FOR THE FUTURE: THE LAST YEAR

Recent Modernization and Transformation Initiatives

Componency.—Over the last year, we have restructured our service components to meet the requirements of the Unified Command Plan, National Strategy, and Combatant Commanders. This effort has resulted in four major changes to our componency construct. First, we established Marine Forces Command as the Marine Corps component to the Joint Force Provider, U.S. Joint Forces Command. Secondly, U.S. Marine Corps Forces, Central Command is now a stand-alone component staff of approximately 100 active duty Marines. Third, the Commander of Marine Forces Reserve and his staff have assumed the Service Component responsibilities for U.S. Northern Command. Finally, on February 24, 2006, we established a Marine Component within Special Operations Command (MARSOC). The new Marine Component will provide approximately 2,600 USMC/Navy billets within U.S. Special Operations Command (SOCOM), lead by a Marine major general. The MARSOC will pro-

vide additional capability and capacity to SOCOM by adding forces that will conduct direct action, special reconnaissance, counterterrorism and foreign internal defense.

Force Structure Review Group.—In 2004, we conducted an extensive Total Force Structure Review recommending approximately 15,000 structure changes to improve the Marine Corps' ability to meet the long-term needs of the Global War on Terror and the emerging requirements of the 21st Century. This effort was end strength and structure neutral—offsets to balance these increases in capabilities come from military to civilian conversions and the disestablishment and reorganization of less critical capabilities.

We are currently implementing these changes. Additionally, we will stand up a Capabilities Assessment Group in the first part of March 2006 to take a focused look at our operating forces in order to ensure we have properly incorporated lessons learned on the battlefield, QDR guidance, and the MARSOC standup.

The Marine Corps continues to examine other opportunities to augment needed capabilities. For example, we are assigning each artillery regiment a secondary mission to conduct civil military operations (CMO). To do this, each regiment will be augmented by a reserve civil affairs capability. By assigning a secondary CMO mission to artillery units, we have augmented our high-demand/low density civil affairs capability while retaining much needed artillery units. We will continue to look for additional innovative ways to maximize our capabilities within our existing force structure.

Regionalization of Bases and Stations.—The Marine Corps is transforming its bases from singularly managed and resourced entities to ones strategically managed in geographic regions. With the exception of our recruit training depots, our bases and stations will fall under the purview of five Marine Corps Installation Commands with the majority of the installations under the oversight of Marine Corps Installation Command—East and Marine Corps Installation Command—West. Regionalization goals include providing optimal warfighter support, improving alignment, enhancing the use of regional assets, returning Marines to the Operating Forces, and reducing costs.

Programmatic and Organizational Developments

MV-22.—VMX-22 completed Operational Evaluation in June 2005, and the Operational Test report was completed and released in August 2005. The report found the MV-22 Block A to be operationally effective and suitable. All Key Performance Parameters met or exceeded threshold requirements, and on September 28, 2005, the V-22 Program Defense Acquisition Board approved Milestone B and authorized the program to begin Full Rate Production. Twenty-nine Block A aircraft have been delivered and are supporting training at Marine Corps Air Station, New River, North Carolina. The first CH-46E squadron stood down in June 2005 to begin transition to the MV-22 and is scheduled to deploy in the fall of 2007.

KC-130J.—In February 2005, the KC-130J attained initial operational capability (IOC). The aircraft has been continuously deployed in support of Operation IRAQI FREEDOM since IOC and has provided the warfighter a state of the art, multi-mission, tactical aerial refueling, and fixed wing assault support asset that has exceeded expectations. The introduction of the MV-22, combined with the forced retirement of the legacy aircraft due to corrosion, fatigue life, and parts obsolescence, significantly increases the requirement for the accelerated procurement of the KC-130J. The Marine Corps is currently in a multi-year procurement program with the Air Force to procure a total of 34 aircraft by the end of fiscal year 2008. This number is 17 aircraft short of the inventory objective of 51 necessary to support the Marine, Joint, and Combined forces.

M777A1 Lightweight Howitzer.—The new M777A1 lightweight howitzer replaces the M198 howitzers. The howitzer can be lifted by the MV-22 tilt-rotor and CH-53E helicopter and is paired with the Medium Tactical Vehicle Replacement truck for improved cross-country mobility. The M777A1, through design innovation, navigation and positioning aides, and digital fire control, offers significant improvements in lethality, survivability, mobility, and durability over the M198 howitzer. The Marine Corps began fielding the first of 356 new howitzers to the operating forces in April 2005 and expects to complete fielding in calendar year 2009.

High Mobility Artillery Rocket System.—The High Mobility Artillery Rocket System (HIMARS) fulfills a critical range and volume gap in Marine Corps fire support assets by providing 24-hour, all weather, ground-based, indirect precision and volume fires throughout all phases of combat operations ashore. We will field 40 HIMARS systems (18 to one artillery battalion of the active component, 18 to one battalion of the Reserve component, and 4 used for training/attrition). When paired with the acquisition of Guided Multiple Launch Rocket System rockets, HIMARS

will provide a highly responsive, precision fire capability to our forces in conventional as well as unconventional operations.

Expeditionary Fire Support System.—The Expeditionary Fire Support System (EFSS) will be the principal indirect fire support system for the vertical assault element of Marine Air-Ground Task force executing Ship-to-Objective Maneuver. The EFSS is a rifled-towed 120 mm mortar paired with an internally transportable vehicle, which permits the entire mortar/vehicle combination to be internally transported aboard MV-22 and CH-53E aircraft. EFSS-equipped units will provide the ground component of a vertical assault element with immediately responsive, organic indirect fires at ranges beyond current infantry battalion mortars. Initial operational capability is planned for fiscal year 2006 and full operational capability is planned for fiscal year 2010.

Explosive Ordnance Disposal Equipment Modernization.—Explosive Ordnance Disposal equipment is undergoing major configuration changes and modernization. Our current modernization focus is towards neutralization and render-safe of unexploded ordnance/improvised explosive devices. The following robotic systems were tested and approved for Joint Explosive Ordnance Disposal usage: Bombot, Manual Transport Robotic System, Remote Ordnance Neutralization System, and RC-50.

Force Service Support Group Reorganization.—The Force Service Support Groups were re-designated as Marine Logistics Groups in August 2005 as the initial step in the Logistics Modernization effort's reorganization initiative. The Marine Logistics Group will be reorganized/realigned with standing Direct and General Support subordinate units and include the Combat Logistics Regiment Forward, Direct Support Combat Logistics Regiment, and General Support Combat Logistics Regiment. Reorganization to the Marine Logistics Group facilitates rapid and seamless task organization and deployment operations, experienced logistics command and control, operations and planning support, and strong habitual relationships between supported and supporting units.

Equipping Marines

Force Protection.—Unable to match our conventional force in like fashion, our enemies have resorted to asymmetric tactics such as the Improvised Explosive Device. Thanks to your support, we completed the installation of the Marine Armor Kits (MAK) on all A2 HMMWV last year. We will complete the transition to an all M-1114 fleet by July 2006. The Medium Tactical Vehicle Replacement Armor System for our 7-ton trucks is scheduled for completion in May 2006. Additionally, we continue to bolster our force protection capabilities through explosive device jammers, additional vehicle armoring efforts, personal extremity protective equipment, and a host of unmanned ground vehicles.

Tactical Wheeled Vehicle Armor.—We have joined with the U.S. Army to look at the M-1151/2 as a mid-term replacement for our base HMMWV and A2 models that have reached the end of their service life. The M-1151/2 is the bridge to the next generation of combat tactical vehicle. The Joint Light Tactical Vehicle Program will define this next generation vehicle. This program is a Joint Army-Marine effort to establish the requirement and way-ahead for the upcoming fiscal year 2008 Program Objective Memorandum. The design of this vehicle will incorporate the recent lessons learned from Iraq and technical advances in survivability, energy management, and network operations to provide the survivability, mobility and tactical flexibility.

Individual Marine Initiatives.—We have been able to address the highest priority capability gaps of our deploying forces associated with the individual Marine. The issue of protection, however, must be balanced with agility, weight and heat retention. An infantryman going into today battle carries nearly 100 pounds of equipment and ammunition—much of this for individual protection. This is too much. In combat lives can just as easily be lost due to an inability to move swiftly across a "kill zone," or from mental and physical fatigue, as from bullets and shrapnel. We will never stop searching for ways to better protect the warrior of tomorrow by taking advantage of emerging technologies, but we must strike a balance between individual protection and mission accomplishment.

The Lightweight Helmet provides improved ballistic protection capability over the existing helmet while reducing weight by one-half pound and introducing an improved suspension system to increase comfort. We have fielded over 74,000 Lightweight Helmets to date, and we plan to procure 43,145 more in fiscal year 2006. The Enhanced Small Arms Protective Insert (E-SAPI) provides increased ballistic protection over the existing SAPI plate. The plates weigh approximately 1.5 pounds more than the standard SAPI per plate depending on size. Delivery of E-SAPI plates began in September 2005. In addition, the procurement of side SAPI plates

further enhances the warfighters' protection, survivability and armor options. In April we will complete delivery of 37,000 side SAPI plates.

The QuadGard (QG) system was designed to provide ballistic protection for arms and legs in response to blast weapon threats and combat casualty trends in OIF. This system is an additive capability that integrates with existing armor systems. We procured 4,500 QG systems with initial delivery beginning in 1st Quarter, fiscal year 2006. The Individual Load Bearing Equipment (ILBE) is a direct replacement for the Modular Lightweight Load Bearing Equipment system that integrates an assault pack and hydration system. We have fielded over 96,000 ILBE packs to date and this effort continues.

Transforming Training and Education

One of our fundamental tenets—every Marine a rifleman—continues to prove its worth in the Global War on Terror. This serves as the solid foundation for all of our training, and provides the common core that defines every Marine. Over the past year, we have refined our training and education programs. Our goal remains the same, to prepare and sustain Marine Air-Ground Task Forces enabled by small-unit leaders directing small, enhanced units, which have a bias for action, are more lethal, and are better able to operate across the spectrum of conflict.

Culture and Language.—An individual understanding of local culture and languages is a force multiplier in irregular operations, such as those we are conducting in Iraq, Afghanistan and Africa. Our cultural awareness and language training programs accomplished several milestones this past year. The Marine Corps graduated its first class of new lieutenants with formal training in the operational aspects of foreign cultures. During February 2005, we opened our new Center for Advanced Operational Culture Learning, and it is already proving its value. The Center has distributed its first basic tactical language training programs, preparing individuals to serve in Iraqi Arabic and Pan-Sahel French cultures (Pan-Sahel French is a predominant language in the former French colonies of Northwest Africa). The Center also provided training to our newly established Foreign Military Training Unit, as well as to Marines selected to serve as advisors to the Iraqi security forces and Afghan National Army. In the future, we look to build a permanent facility to house the Center as well as establishing satellite sites for sustaining language and culture training in our career force.

Pre-deployment Training Today.—We have embarked on a concerted effort to improve our pre-deployment training. At the center of these efforts is our revised Pre-Deployment Training Program conducted at the Marine Air Ground Combat Center, at Twentynine Palms, California, at Marine Corps Air Station Yuma, Arizona, and at the Mountain Warfare Training Center, Bridgeport, California. The real-time and continuous connectivity with forward forces enables our units in training to apply combat lessons learned directly into their pre-deployment training. During this past fiscal year over 21,000 Marines received combined arms and urban operations training at Twentynine Palms. In addition, over 4,000 Marines and coalition partners trained in the mountain operations course at Bridgeport, and another 11,000 Marines participated in the adjacent Desert Talon exercise series at Yuma. The success of our Marines in Iraq and Afghanistan is due in large measure to the demanding training that they experience at these three sites.

Modernization of Training Ranges.—In the past two years, and again taking advantage of combat lessons learned from Iraq and Afghanistan, we have initiated an unprecedented investment in our training range capabilities. We built a robust urban and convoy operations training program at our major desert training base at Twentynine Palms, California. Marine Corps battalions deploying to Iraq are provided a realistic training venue to hone their urban and convoy skills and to heighten their awareness of both improvised explosive devices and the complexities of stability operations.

To better prepare your Marines for this "graduate level" training at Twentynine Palms, we are also providing essential building block capabilities in urban warfare at their home stations. Camp Lejeune, North Carolina has recently completed fielding a suite of urban and convoy training systems on their ranges and with your continued support, we hope to do the same at Camp Pendleton, California and the Marine Corps bases in Hawaii and Okinawa. We also intend to upgrade our aviation urban training facility at Marine Corps Air Station, Yuma and to provide an enhanced aviation urban training environment.

Infrastructure

Encroachment Partnering.—In fiscal year 2005, the Marine Corps completed six projects to acquire development rights over 1,227 acres at a cost of \$8 million, which was split between the Marine Corps and our partners.

The Marine Corps continues to use legislation that allows the Secretary of the Interior to accept Integrated Natural Resources Management Plans as suitable substitutes for critical habitat designation to protect and enhance populations of these species while continuing to conduct essential training.

Public Private Venture Family Housing.—Our efforts to improve housing for Marines and their families continue. Thanks to previous Congressional action that eliminated the budgetary authority cap on Public Private Venture investments in military family housing, the Marine Corps will have contracts in place by the end of fiscal year 2007 to eliminate all inadequate family housing.

Military Construction.—Our Military Construction plan now focuses on housing for our single Marines. Barracks are a significant critical quality of life element in taking care of single Marines. We are committed to providing adequate billeting for all unmarried Marines by 2012. We tripled the amount in bachelor housing from fiscal year 2006 to 2007. We will triple it again in fiscal year 2008. We are also committed to funding barracks' furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs.

Energy Efficiency in Transportation.—The Marine Corps has exceeded the Energy Policy Act requirements for the past five years and has been a leader in the Department of Defense and among other Federal Agencies in the adoption of alternative fuels. Through use of biodiesel neighborhood electric vehicles, we have reduced petroleum use 20 percent from a 1999 baseline, and are expanding the deployment of hybrid vehicles in our garrison fleet. We are also supporting future use of hydrogen-powered fuel cell vehicles with the establishment of a refueling station aboard Marine Corps Base Camp Pendleton, California.

Manning the Force and Quality of Life

Though we embrace the advances of technology, we believe that the most important asset on any battlefield is a well-equipped, well-trained, and well-led United States Marine—our people make the difference. We hold that today's Marines are unique and special individuals, and the character of their service throughout the Global War on Terror has rivaled that of any preceding generation. Recruiting and retaining a force of this quality requires the dedicated efforts of our recruiters, career retention specialists, manpower experts, and leaders throughout the Corps. Ours is a force of active duty, reserve, and civilian Marines, as well as thousands of Marine families who share in the sacrifices to our Nation. Though the mission must always come first, we continue to search for opportunities to improve the experience of serving as a Marine both during and after their active service—once a Marine, always a Marine.

Retention.—Retaining the best and the brightest Marines is a top manpower priority. Our future officer and staff non-commissioned officer ranks are dependant on our successful accomplishment of this mission.

We have two enlisted retention measures to ensure healthy service continuation rates. The First Term Alignment Plan (FTAP) involves the first reenlistment of Marines and we consistently achieved our goals over the past thirteen years. The Subsequent Term Alignment Plan (STAP) involves the subsequent reenlistments of Marines, those who likely remain in the Corps for a career, and we have consistently attained our goals since creating the STAP in 2002. In fiscal year 2005, we exceeded the FTAP requirement by achieving 103 percent of this retention mission, with notable success in the infantry community; we also exceeded the STAP retention mission. The substantial increase in the infantry reenlistment rate during fiscal year 2005 was influenced by higher Selective Reenlistment Bonuses (SRBs).

Certain Military Occupational Specialties (MOS') perennially suffer high attrition, such as those involving highly technical skills or extensive security clearances. Contributing factors include lucrative civilian employment opportunities for those Marines who attain these specialized skills and qualifications. We address this challenge by targeting these military specialties with higher SRBs. Retaining high quality and the proper skills in our ranks necessitates military compensation that is competitive with the private sector. Sustainment of SRB funding remains a crucial element to our ongoing efforts to retain these valuable skills.

The retention forecast for the officer corps in the near term is positive and consistent with our historic average of 90.8 percent. The close of fiscal year 2005 saw officer retention at 91.3 percent. The Marine Corps has active programs in place, both monetary and non-monetary, to ensure that officer retention remains high. All of these programs provide incentives to officers for continued service even in the face of significant operational tempo, while allowing flexibility for Manpower planners to meet requirements across the Marine Corps Total Force.

Selected Reserve enlisted retention for fiscal year 2005 continued to be strong at 79.5 percent, well above our historical norm. Reserve officer retention of 80.1 percent was also above the historical norm of 75.3 percent.

Recruiting.—An equally important factor in sustaining a viable force is continuing to recruit tremendous young men and women with the right character, commitment, and drive to become Marines. In fiscal year 2005, the Marine Corps overcame unprecedented recruiting challenges and achieved over 100 percent of our active component accession goal with no degradation in quality.

The Marine Corps Reserve achieved 101 percent of its enlisted recruiting goals. We achieved our officer accessions goals as well, but reserve officer numbers remain challenging, as our primary accession source is from officers that are leaving active duty. We appreciate the continued authorization for a Selected Reserve Officer Affiliation Bonus in the fiscal year 2006 National Defense Authorization Act. It continues to make a significant contribution in this critical area.

We anticipate that both active and reserve recruiting will remain challenging in fiscal year 2006, and we welcome the continued support of Congress for a strong enlistment bonus and other recruiting programs, such as recruiting advertising, which will be essential to us in meeting these challenges.

Reserve Marines.—To date, more than 37,500 Reserve Marines have served on active duty in the Global War on Terror. As part of an integrated Total Force, our Reserve Marines and units receive the same pre-deployment training and serve alongside their Active Component counterparts. Currently, over 7,000 reserve Marines are on active duty, and the Marine Corps Reserve expects to provide approximately 4,250 Marines in support of operations in Iraq in 2006. Overall, our Reserves provide personnel for a wide-variety of operations and activities, including Iraq military transition, Afghan National Army embedded training, civil affairs, and personnel recovery and processing. They also perform anti-terrorist and humanitarian duties in the Horn of Africa, Afghanistan, Central America, and the Caribbean. The strength of integrating our Active and Reserve components into a Total Marine Corps Force epitomizes the warrior concept of “one team, one fight.”

Civilian Marines.—Civilian Marines continue to provide an invaluable service to the Corps as an integral component of our Total Force. Working in true partnership with Marines, Civilian Marines will continue to play an important role in supporting the mission of the Marine Corps and the Global War on Terror. Our commitment is to define for them what the Marine Corps will offer its Civilian Marines, and what the Corps expects from this select group who support our Marines.

Military to Civilian Conversions.—The Marine Corps continues to pursue sensible military-to-civilian conversions in support of Marine Corps Warfighting initiatives. These conversions are important because they increase the number of Marines in the operating force and help reduce stress on the force. Funding remains a critical issue to the success of this initiative. Congressional cuts in both the fiscal year 2005 Appropriations Bill (\$35 million) and fiscal year 2006 Appropriations Bill (\$20 million) has impacted our ability to execute our planned fiscal year 2005 program and will reduce our planned fiscal year 2006 conversions.

National Security Personnel System.—The Marine Corps is committed to successful implementation of the National Security Personnel System and creating and maintaining an innovative and distinctive Civilian Marine workforce capable of meeting the ever-changing requirements of today and the challenges of tomorrow. The Marine Corps is actively participating with the Department of Defense in the development and implementation of this new personnel system. Following an intensive training program for supervisors, managers, human resources specialists, employees, commanders and senior management, we will begin implementation.

Quality of Life for Our Marines and Their Families

For Marines, success has always been measured first on the battlefield, but part and parcel to this is the health and welfare of Marines and the families who support them. As an expeditionary force, Marines are accustomed to frequent deployments, yet the current environment contains increased elements of personal danger and family risk that must be addressed with appropriate and timely support. We have been careful to monitor our programs to ensure our Marines and their families receive the necessary care to sustain them throughout the deployment cycle. In this regard, our Marine Corps Community Services (MCCS) organizations' combined structure of Family Services, Morale, Welfare and Recreation Programs, Voluntary Off Duty Education, and Exchange operations has positioned us to efficiently and effectively leverage and direct community services assets to help Marines and their families meet the challenges associated with the Marine Corps lifestyle and current operational tempo.

For Marines in theater, few things are more important than staying in touch with their loved ones at home. To keep communication open between deployed Marines and their families, we provide phone service, mail service, and our Internet-based mail service, "MotoMail," which has created more than half a million letters since its inception in December 2004.

Combat and Operational Stress Control.—While our Marines and their families have proven to be resilient "warriors," combat and operational stress is not an uncommon reaction. We closely interact with Marines and their families to reassure them; we provide many services and programs for help and urge service members and their families to seek the help they require.

To integrate our combat and operational stress control (COSC) programs and capabilities properly, we have established a COSC Section within our Manpower and Reserve Affairs department. To gain clarity of mission, we instituted a tracking system that allows Commanders to monitor COSC training and decompression requirements. As a component of COSC, we created a web-based information and referral tool that leaders at all levels can readily access. The "Leader's Guide for Managing Marines in Distress" provides specific guidance on 40 distress areas.

The Marine Reserves, through their Chaplain Corps, have developed Marine and Family Workshops (MFW), which are a post-deployment program designed to assist Marines and their family members with return and reunion stressors and adjustment difficulties. The goals and objectives of the workshop are to: (1) provide an opportunity for Marines and their family members to strengthen their coping skills; (2) mitigate the impact of traumatic events and war zone stressors; (3) accelerate the normal recovery process; and (4) identify those who might need additional help and provide resources.

Casualty Support.—Our support and dedication to the families of our fallen Marines and their survivors is especially strong. Casualty support is a duty and honor. It is also a human process requiring a measured and thoughtful engagement by our Casualty Assistance Calls Officers (CACOs). As with our other deployment-related programs, our casualty process has evolved and improved significantly. Our CACOs monitor the survivor's transition through the grief process—from casualty notification, to burial, to ensuring survivors receive the appropriate benefits. CACOs connect families needing extended support to a Long-Term Survivor Case Manager who personally monitors and communicates with them to ensure they receive the support they need for as long as it is required.

Critical Incident Stress Management Teams.—In cases of mass casualties experienced by a command or unit, whether combat, natural disasters, training, or missions, we use a Department of Defense sponsored Managed Health Network capability where trained Critical Incident Stress Management teams provide crisis management briefings to family members and friends of the unit. During the briefings, Marine Corps personnel, Chaplains, and Managed Health Network counselors provide information and answer questions concerning the casualties. These crisis response teams provide support at remote sites throughout the country, making them highly useful in situations where Reserves are involved. In particular, after Lima Company, 3rd Battalion, 25th Marines experienced mass casualties in Iraq last summer, crisis management briefings were conducted at various cities in Ohio where questions about the unit were answered, briefs were provided on helping children cope, individual counseling was offered to family members, and materials on support services were distributed.

Marine for Life—Injured Support.—Built on the philosophy "Once a Marine, Always a Marine" and fulfilling our obligation to "take care of our own," the Marine For Life program offers support to approximately 27,000 honorably discharged Marines transitioning from active service back to civilian life each year.

Leveraging the organizational network and strengths of the Marine for Life program, we implemented an Injured Support program during January 2005 to assist combat injured Marines, Sailors serving with Marines, and their families. The program essentially seeks to bridge the gap that can exist between military medical care and the Department of Veterans Affairs, providing continuity of support through transition and assistance for several years afterwards.

The program recently assigned two full-time Marine Corps liaison officers to the Seamless Transition Office at the Veterans Affairs. These liaison officers interface between the Veterans Health Administration, the Veterans Benefits Administration, and the Marine Corps on individual cases to facilitate cooperative solutions to transition issues.

Additionally, the Injured Support program conducts direct outreach to injured Marines and Sailors via phone and site visits to the National Naval Medical Center, Walter Reed, and Brooke Army Medical Centers. On average, 30 percent of our seriously injured Marines requested and received some type of assistance.

Lastly, the program continues to work closely with Office of the Secretary of Defense (OSD) on Marine Corps-related injury cases. Information sharing between the program and OSD contributes to developing capabilities for the Military Severely Injured Center (formerly known as The Military Severely Injured Joint Support Operations Call Center).

Healthcare.—Marines receive high quality, state of the art care from a worldwide Military Health System. We enjoy the lowest disease, non-battle injury rates in history and our Marines know that if they are injured or wounded in action they have an unprecedented better than 97 percent survival rate once they arrive at one of our Forward Resuscitative Surgical units. The Military Health System provides a superb care and health benefit program for our Marines, their families, and our retired population—services we must sustain. Unfortunately, at its current rate of cost growth, the program is unsustainable. We fully support changes in legislation that would allow the Department of Defense to “renorm” the cost of health care.

Sexual Assault Prevention and Response.—The Marine Corps has maintained vigilance in engaging Marines to prevent sexual assault, to care for the victims, and to punish offenders. Our actions included establishing a Sexual Assault Prevention Office to serve as the single point of contact for all sexual assault matters, such as victim support and care, reporting, training, and protective measures. We have also instituted extensive sexual assault awareness training into all entry-level officer and enlisted training, provided procedures to protect a victim’s privacy, and trained hundreds of Uniformed Victim Advocates to support our deployed Marines. Lastly, to ensure victims receive appropriate and responsive care with timely access to services, we have appointed command level sexual assault response coordinators to serve as the single point of contact for sexual assault matters.

CAPABILITIES DEVELOPMENT

For 230 years, the Marine Corps has answered the Nation’s call to arms without fail, but we do not intend to rest on those laurels. To remain the world’s foremost expeditionary warfighting organization and preserve our tradition of being most ready when the Nation is least ready, the Marine Corps is steadfastly focused on the fundamental tenants of our success—a maneuver warfare mindset and a warfighting construct built around combined-arms air-ground task forces. We are forwarding and expanding these capabilities through aggressive experimentation and implementation of our Seabasing and Distributed Operations concepts. These transforming concepts will increase our agility and tempo in operations, from cooperative security to major combat, and perpetuate the unrivaled asymmetric advantage our Nation enjoys in its ability to project and sustain power from the sea.

Warfighting Concepts

Seabasing.—Seabasing is a national capability for projecting and sustaining power globally, using the operational maneuver of sovereign, distributed, and networked forces operating from the sea. Seabasing will provide unparalleled speed, access, persistence, and is recognized as the “core of naval transformation” (Naval Transformation Roadmap). Seabasing breaks down the traditional sea-land barrier, allowing us to use the sea as maneuver space. It enables us to rapidly deploy, assemble, and project joint and combined forces anywhere in the world, sustaining these forces during operations and reconstituting forces for employment elsewhere. Seabasing assures access by leveraging the operational maneuver of forces from the sea and by reducing dependence upon fixed and vulnerable land bases. This concept will provide our combatant commanders with unprecedented versatility in operations spanning from cooperative security to major combat. Seabasing also represents a present capability that can be tailored and scaled to meet a broad range of requirements.

The Nation invests tremendous resources with the full understanding that the ability to project power from the sea is a prerequisite for defending our sovereignty. As demonstrated by the Navy/Marine Corps response to Hurricanes Katrina and Rita, Seabasing is a relevant and adaptive capability possessing the flexibility to meet our countrymen’s needs around the world and at home. Marines and Sailors embarked from such platforms as the USS Iwo Jima (LHD 7) provided an asymmetric and sustainable solution to the storm ravaged Gulf Coast, and in several hundred instances saved the lives of their fellow Americans. In short, Seabasing is both a real-world capability and a transformational future concept. Realization of the future Seabasing potential is dependent upon an investment in ships and other Seabasing platforms.

Distributed Operations.—The attributes of sea power are extremely useful to the Combatant Commanders. However, this operational capability must also be matched by increased tactical capabilities that enhance the effectiveness of our “boots on ground” to enable operational maneuver and to create stability, especially in irreg-

ular and counter-insurgency operations. After a quarter century of unwavering commitment to our maneuver warfare philosophy, we are harvesting a generation of junior officers and noncommissioned officers who are better prepared to assume much greater authority and responsibility than traditionally expected at the small-unit level. As a complementary capability to our Seabasing concept, Distributed Operations describes an operating approach that will create an advantage over an adversary through the deliberate use of separation and coordinated, interdependent, tactical actions enabled by increased access to functional support, as well as by enhanced combat capabilities at the small-unit level. The essence of this concept lies in enhanced small units gained through making advances on the untapped potential of our Marines and the incorporation of emerging technologies which will support them.

Once implemented, a networked Marine Air-Ground Task Force operating in a Distributed Operations manner will disperse or mass to exploit opportunities the enemy offers. The integration of new doctrine, force structure, training, equipment, personnel policies and leader development initiatives will afford our tactical and operational commanders a significantly enhanced weapon in the increasingly sophisticated Global War on Terror.

Experimentation, Technology and Concepts.—The Marine Corps Warfighting Laboratory develops innovative concepts and conducts concept-based experimentation in support of the Marine Corps Combat Development Command's mission. By examining future warfighting concepts, the Lab identifies capability shortfalls and matches them with potential solutions that can be effectively addressed by the experimentation process. In support of current operations and the global war on terrorism, the Lab rapidly identifies transformational solutions in the areas of training, equipment, organization and doctrine needed to resolve critical short falls and gaps. Experiments have resulted in modified and new tactics, training, and procedures for Marines operating in Iraq.

The Marine Corps Warfighting Laboratory is specifically developing methods to defeat improvised explosive devices, provide superior body armour, improve vehicle armor, counter the urban sniper, and to counter attacks with rockets and mortars. The Marine Corps exploits the investment of the Defense Advanced Research Projects Agency (DARPA), other Services, and industry while focusing our Marine Corps unique investment to mature Marine Corps combat development and future materiel needs. This effort is highlighted by the Lab's interaction with DARPA in the successful testing and assessment of improved armor, small-unmanned aerial vehicles, and the deployment of extended user assessment in Iraq of small numbers of acoustic sniper location systems. These successful programs will result in early deployment of systems that will contribute to force protection and survivability.

Sea Viking 06 Advanced Warfighting Experiment.—The Sea Viking 06 Advanced Warfighting Experiment culminates years of planning, study, and experimentation. With a focus on Marine infantrymen, the experiment aims to revolutionize Marine Corps warfighting capabilities. By testing and examining our current training, organization and equipment against new warfighting initiatives (e.g., Distributed Operations), rooted in real-world lessons from Iraq and Afghanistan, we have adapted and overcome deficiencies, allowing the Marine Corps to actualize its experiment data and outcomes. Results have produced changes in, training, equipment and responsibilities of infantry small unit leaders. Such innovation has inspired the establishment of the Distributed Operations Implementation Working Group, which socializes the changes and implements the changes across the doctrine, organization, training, materiel, leadership and education, personnel and facilities pillars.

Because of Sea Viking 06's first Limited Objective Experiment, Training and Education Command (TECOM) developed new courses and curriculum to formalize the training culture of Marine infantry non-commissioned officers. TECOM and the Lab collaborated to establish "Mobile Training Cadres" to institute a Train the Trainer Course and a Tactical Small Unit Leader Course to support company level leaders in the development of their small unit leaders, as they will always remain our most critical assets in the Global War on Terror. Concurrently, Marine Corps Systems Command, through its project managers and Marine Expeditionary Rifle Squad program at the forefront, remains acutely attuned to all equipment aspects of the Sea Viking experiments, ensuring that our Marines have the best equipment available. These same innovations, when applied Marine Corps wide, will ensure that Marine Forces remain the force of readiness in response to our Nation's future needs.

Countering Irregular Threats.—Consistent with the emerging challenges laid out in the National Defense Strategy, we are developing new concepts and programs to address the rising salience of irregular threats to our security especially that posed by protracted, complex insurgencies and terrorism. The rise of irregular and catastrophic challenges to international order could potentially include the use of weap-

ons of mass destruction by non-state actors seeking to blackmail U.S. leaders and foreign policy. Exploring this challenge is a major aspect of our annual Expeditionary Warrior wargame this year.

Enabling Programs

Amphibious Warfare Ships.—Amphibious ships are the centerpiece of the Navy/Marine Corps' forcible entry and Seabasing capability, and have played an essential role in the Global War on Terror. Not only must our Naval forces maintain the ability to rapidly close, decisively employ, and effectively sustain Marines from the sea, they must also respond to emerging GWOT requirements, crisis response and humanitarian assistance missions on short notice. The Nation would be hard pressed to satisfy both requirements with separate forces. Fortunately, we possess the ability to conduct both forcible entry and persistent global engagement with the same naval force package.

The current Defense Department force-sizing construct requires the capability to respond to two major "swiftly defeat the efforts" events—each of which could require a minimum of 15 capable amphibious ships. One of these crises may further necessitate the use of a Marine Expeditionary Force requiring 30 operationally available amphibious ships. Ten of these ships should be large-deck amphibious ship capable of supporting the operations of the air combat element of a Marine Expeditionary Force. Today's 35 amphibious warships can surge the required 30 operationally available warships and provide the peacetime rotation base for Marine Expeditionary Units in up to three regions.

In part due to the recognized flexibility of these platforms, as well as the projected need to enhance their power projection capabilities to support stability operations and sustained counter-terrorism efforts, many of our coalition partners are planning to acquire amphibious shipping with the capacity to support both surface and aviation maneuver elements. Such efforts acknowledge the great utility of a robust amphibious capability in the face of growing anti-access threats.

Amphibious Transport Dock (LPD).—The LPD 17 San Antonio class of amphibious ships represents the Department of the Navy's commitment to a modern expeditionary power projection fleet and will assist our naval forces across the spectrum of warfare. The lead ship was successfully delivered in January 2006. The LPD 17 class replaces four classes of older ships—the LKA, LST, LSD 36, and the LPD 4—and is being built with a forty year expected service life. The LPD 17 class ships will play a key role in supporting the ongoing Global War on Terror by forward deploying Marines and their equipment to respond to crises abroad. Its unique design will facilitate expanded force coverage and decreased reaction times of forward deployed Marine Expeditionary Units. In forcible entry operations, the LPD 17 will help maintain a robust surface assault and rapid off-load capability for the Marine Air-Ground Task Force far into the future.

Amphibious Assault Ship (Replacement) (LHA(R)).—Our Tarawa-class amphibious assault ships reach the end of their service life during the next decade (2011–2015). An eighth Wasp-class amphibious assault ship is under construction and will replace one Tarawa-class ship during fiscal year 2007. In order to meet future warfighting requirements and fully capitalize on our investment in the MV–22 and Joint Strike Fighter, ships with enhanced aviation capabilities will replace the remaining LHA ships. These ships will provide increased jet fuel storage and aviation ordnance magazines, and an enhanced hanger to support aviation maintenance. The first ship, designated LHA 6, is a transitional ship to the succeeding ships in the class that will be transformational in capability and design. This lead ship is on track for a detailed design and construction contract award in fiscal year 2007 with advanced procurement funds provided in the fiscal year 2005 and 2006 budgets.

Maritime Prepositioning Force.—Our proven maritime prepositioning force—capable of supporting the rapid deployment of three Marine Expeditionary Brigades (MEBs)—is an important complement to this amphibious capability. Combined, these capabilities enable the Marine Corps to rapidly react to a crisis in a number of potential theaters and the flexibility to employ forces across the battlespace.

Maritime Prepositioning Force (Future).—In addition to the 30 operationally available amphibious ships needed to employ a MEF during a forcible entry operation, the Maritime Prepositioning Force (Future) (MPF(F)) is the key enabler for Seabasing, providing support and sustainment for early entry Marine Expeditionary Brigades. MPF(F) enables four new capabilities: (1) at-sea arrival and assembly of the Sea Base echelon of the MEB; (2) projection of one surface and one vertically delivered battalion landing team in one 8–10 hour period of darkness; (3) long-term, sea-based sustainment; and (4) at-sea reconstitution and redeployment. These capabilities will be invaluable in supporting joint forcible entry operations, forward engagement, presence, and relationship building operations with allies and potential

coalition partners by our forward deployed forces, as well as support of disaster relief and humanitarian operations. Additionally, this flexible asset can remain in support of post-conflict activities and forces ashore from a relatively secure location at sea. Each future Maritime Prepositioning Squadron will include one LHD, two LHA(R), three cargo and ammunition ships (T-AKE), three fast logistics ships (T-AKR), three Mobile Loading Platform ships, and two legacy maritime prepositioning ships. This mix of ships will be capable of prepositioning critical equipment and 20 days of supplies for our future MEB.

High Speed Connectors

High-speed connectors will facilitate the conduct of sustained sea-based operations by expediting force closure and allowing the persistence necessary for success in the littorals. Connectors are grouped into three categories: inter-theater, intra-theater, and sea base to shore. These platforms will link bases and stations around the world to the sea base and other advanced bases, as well as provide linkages between the sea base and forces operating ashore. High-speed connectors are critical to provide the force closure and operational flexibility to make Seabasing a reality.

Joint High Speed Sealift.—The Joint High Speed Sealift (JHSS) is an inter-theater connector that provides strategic force closure for CONUS-based forces. The JHSS is envisioned to transport the Marine Corps' non self-deploying aircraft, personnel, and high demand-low density equipment, as well as the Army's non self-deploying aircraft and personnel, and Brigade Combat Team rolling stock and personnel, permitting rapid force closure of this equipment. Additionally, the JHSS will alleviate the need to compete for limited strategic airlift assets, and reduce closure timelines by deploying directly to the sea base rather than via an intermediate staging base or advanced base. The JHSS program is currently in the early states of capability development and has merged with the Army's Austere Access High Speed Ship program. Current fielding of the JHSS is projected in fiscal year 2017.

Joint High Speed Vessel.—The Joint High Speed Vessel (JHSV) will address the Combatant Commanders' requirements for a forward deployed rapid force closure capability to support the Global War on Terror. The JHSV will enable the rapid force closure of fly-in Marine forces to the sea base from advanced bases, logistics from pre-positioned ships to assault shipping, ship-to-ship replenishment, and in appropriate threat environments, maneuver of assault forces to in-theater ports and austere ports. Army and Navy programs were recently merged into a Navy-led program office with an acquisition strategy intended to leverage current commercial fast ferry technology, and acquisition of a modified non-developmental item (NDI). Contract award for new vessels is expected in fiscal year 2008, with delivery in 2010. To meet the current and near-term Combatant Commanders' requirements, the Department of the Navy continues to lease foreign built vessels until the JHSV is delivered.

WESTPAC EXPRESS (WPE) is providing support to III MEF and other Okinawa-based forces, enabling III MEF to expand off-island training and engagement while reducing battalion-training days spent off island. Additionally, WPE played a key role supporting the Indian Ocean tsunami relief effort. HSC-2 "SWIFT" (picture below) provides a test bed for research and development prototypes as well as an operational platform in support of current real world requirements. Most recently, HSC-2 played a key role in support of JTF Katrina, providing high-speed delivery of supplies, equipment, and personnel to ships and ports along the U.S. Gulf Coast.



HSV 2 (SWIFT)

Joint Maritime Assault Connector.—The Joint Maritime Assault Connector (JMAC), previously known as the sea base to shore connector, will replace the venerable legacy landing craft air cushion (LCAC) as a critical tactical level platform supporting Marine Corps assault forces, as well as joint forces operating within the Sea Base. In comparison to the LCAC, the JMAC is envisioned to have many enhanced capabilities, such as the ability to operate in higher sea states, increased range, speed, and payload, increased obstacle clearance, and reduced operating and maintenance costs. The JMAC is planned for fleet introduction in fiscal year 2015.

Aviation Transformation

Marine aviation will undergo significant transformation over the next ten years as we transition from 13 types of legacy aircraft to seven new platforms. We developed a new transition strategy to better balance numbers of assault support and TacAir aircraft based on operational requirements. This strategy supports our Seabasing concept and enables Ship-to-Objective Maneuver utilizing the Joint Strike Fighter, MV-22, and Heavy Lift Replacement, recently designated CH-53K. At a distance of 110 nautical miles, a squadron of MV-22s will lift a 975 Marine battalion in four waves in under four hours. Similarly, the CH-53K will replace our aging, legacy CH-53E helicopter, lifting more than twice as much over the same range and serving as the only sea-based air assault and logistics connector capable of transporting critical heavy vehicles and fire support assets. An Assault Support Capability Analysis is underway to determine the optimal mix of MV-22 and CH-53K aircraft required to support Ship-to-Objective Maneuver and Distributed Operations. Similarly, the Short Takeoff and Vertical Landing variant of the Joint Strike Fighter represents a transformational platform that will generate 25 percent more sorties and provide a multi-spectral engagement capability for the Expeditionary Strike Force.

Ship-to-Shore Mobility

CH-53K.—The CH-53K is our number one aviation acquisition priority. Consequently, the CH-53K received full funding in 2005 and has reached “Milestone B” status—initiation of system development and demonstrations. Our current fleet of CH-53E Super Stallion aircraft enters its fatigue life during this decade. The CH-53K will deliver increased range and payload, reduced operations and support costs, increased commonality with other assault support platforms, and digital interoperability for the next 25 years (Figure 3).

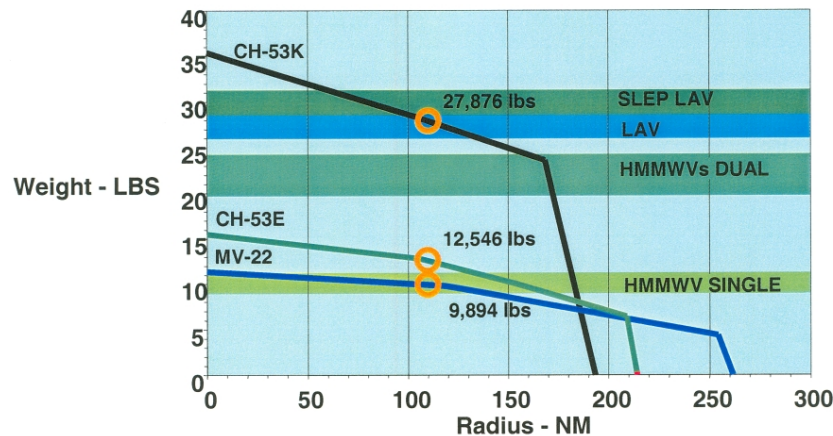


FIGURE 3

The CH-53K program will both improve operational capabilities and reduce life-cycle costs. Commonality between other Marine Corps aircraft in terms of engines and avionics will greatly enhance the maintainability and deployability of the aircraft within the Air Combat Element. The CH-53K will vastly improve the ability of the MAGTF and Joint force to project and sustain forces ashore from a sea-based center of operations in support of EMW, Ship-to-Objective Maneuver, and Distributed Operations.

Expeditionary Fighting Vehicle.—The Expeditionary Fighting Vehicle (EFV) is our number one ground acquisition program, and it replaces the aging Assault Amphibious Vehicle (AAV) that has been in service since 1972. It will provide Marine surface assault elements with better operational and tactical mobility both in the water and ashore, and will exploit fleeting opportunities in the fluid operational environment of the future. Designed to launch from amphibious ships stationed over the horizon, it will be capable of carrying a reinforced Marine rifle squad. The EFV will travel at speeds in excess of 20 nautical miles per hour in a wave height of three feet. This capability will reduce the vulnerability of our naval forces to enemy threats at sea and ashore. Our surface assault forces mounted in EFVs will have the mobility to react and exploit gaps in enemy defenses ashore. Once ashore, EFV will provide Marines with an armored personnel carrier designed to meet the threats of the future. The EFV has high-speed land and water maneuverability, highly lethal day/night fighting ability, and enhanced communications capability. It has advanced armor and nuclear, biological, and chemical collective protection. These attributes will significantly enhance the lethality and survivability of Marine maneuver units.

Supporting Capabilities

Logistics Modernization.—Logistics Modernization is the largest coordinated and cross-organizational transformation effort ever undertaken within Marine Corps logistics. It is a Marine Corps-wide, multi-year, three-pronged improvement and integration initiative focusing on Marine Corps people, processes and technology dimensions. This will produce a far more effective and efficient Logistics Chain Management process to include: supply, maintenance, and distribution processes, integration of emerging information technology, and the introduction of new occupational specialties to support these advancements.

Global Combat Support System—Marine Corps.—Global Combat Support System—Marine Corps (GCSS—MC) is the Marine Corps' member of the overarching Global Combat Support System Family of Systems as designated by the Joint Requirements Oversight Council and the Global Combat Support System General Officer Steering Committee. GCSS—MC is designed to provide logistics information technology capabilities to satisfy the Marine Air Ground Task Force and Combatant Commander/Joint Task Force requirements, as well as support the Marine Corps Logistics Modernization strategy. The goal of GCSS—MC is to provide modern, deployable information technology tools for both supported and supporting units. Achieving this goal requires the establishment of a shared data environment so that

GCSS—MC data and information may be shared across the Marine Corps enterprise and with other services and agencies. GCSS—MC is being implemented in phases, or “blocks”. Block 1 provides logistics chain management and basic planning tools, while Blocks 2 and 3 will see the expansion of Block 1 capabilities and provide major upgrades to the Oracle software. The focus will be on logistics planning, command and control, and asset visibility.

CONCLUSION

Your Marines are fully dedicated to serving and protecting this Nation. Their bravery, sacrifice, and commitment to warfighting excellence have added new chapters to our Corps’ rich legacy. We recognize we have an essential mission, and that we have the solid backing of the American people. The Marine Corps fully understands that our greatest contribution to the Nation is our high-level of readiness across the spectrum of conflict. That readiness is predicated upon your sustained support, for without it your Marines will not enter the coming battles as the well-equipped, well-led, and well-trained fighting force you have come to expect. We face the unprecedented reality of overlapping and competing fiscal priorities—resetting the force from an extended war while undertaking a comprehensive modernization plan to prepare for the challenges of tomorrow. Marines and their families greatly appreciate the unwavering support of Congress, which is material to achieving our high level of success and securing the Nation’s interests.

NAVY EXPEDITIONARY COMBAT COMMAND

Senator STEVENS. Thank you very much, gentlemen. Let me start out with you Mr. Secretary. And unless there are objections, we’ll have a 10 minute round for each Senator.

There’s funding requested for the Navy Expeditionary Combat Command in the 2006 supplemental, but there’s no money in the 2007 budget. Can you tell us why? What is the strategy? This is for you Mr. Secretary. I think it is a basic question of the Secretary and Admiral Mullen, too, this is a strange circumstance. Why should we put money in the supplemental if it’s not going to be funded in the 2007 budget?

Mr. WINTER. Admiral, could you help on this one?

Admiral MULLEN. Mr. Chairman, I’ll have to get back to you. I’m not aware that it is not funded in the 2007 budget.

Senator STEVENS. That’s my information, I could be wrong.

Admiral MULLEN. My understanding was we had money in that. The idea in the 2006 supplemental was to get it moving as rapidly as possible and we started to fund it in 2007.

Senator STEVENS. All right. Thank you very much.

[The information follows:]

The Navy requested funding in the DON fiscal year 2006 Emergency Wartime Supplemental submission for the Riverine Force (\$73.1 million); the Maritime Civil Affairs Group (\$6.4 million); the Expeditionary Training Team (\$2.5 million); the Maritime Security Force (\$6.5 million); Inshore Boat Units, which are components of the Naval Coastal Warfare community (\$16.5 million); and the NECC Headquarters (\$2.5 million). The primary rationale for the funding requested in the fiscal year 2006 supplemental for the new components of the NECC is that the final decision to establish the NECC and the aforementioned components was not made until after the submission of the regular fiscal year 2007 budget.

The following summarizes all of the efforts currently in motion and planned to fund the Riverine Force (Riverine Group ONE [headquarters] and three deployable Riverine Squadrons) in the OPN, WPN, OMN and PANMC appropriations. The first Squadron-level operational deployment to the U.S. Central Command Area of Responsibility is scheduled for March 2007. Principal rationale behind requesting procurement funding on an accelerated timeline is due to the relatively long delivery projections for much of the equipment required by the deploying Riverine Squadrons (in many cases delivery forecasts are 12 months or longer, subsequent to contract/contract option award).

- Fiscal Year 2006 Below Threshold Reprogramming.*—\$7.47 million to begin equipping Riverine Squadron ONE (RIVRON ONE). Fleet Forces Command is also providing OMN funding from existing resources in fiscal year 2006 to support the establishment of RIVRON ONE and the Riverine Group ONE headquarters on an accelerated timeline.
- Fiscal Year 2006 Above Threshold Reprogramming.*—\$17.34 million to continue equipping RIVRON ONE, less combatant craft, which the Marine Corps will “loan” RIVRON ONE for initial training and the March 2007 deployment. With one exception, funding will “pay back” other Navy programs from which required equipment for RIVRON ONE is being redirected.
- Fiscal Year 2006 DON Emergency Wartime Supplemental Request.*—\$73.1 million to equip RIVRONs TWO and THREE, commands scheduled to sustain the aforementioned initial operational deployment in November 2007 and July 2008, respectively.
- Fiscal Year 2007 President’s Budget.*—\$22.31 million initially intended to begin establishment of one modestly sized riverine unit. This baseline concept was superseded by a more robust Riverine Force concept subsequent to submission of the PRESBUD. Currently, fiscal year 2007 funding would be used to sustain the Force being stood up in fiscal year 2006.

SPECIAL OPERATIONS FORCES

Senator STEVENS. Secretary Winter, in the Quadrennial Defense Review there was significant emphasis on increasing the Special Forces Operations capabilities including Navy SEALs, and additional naval personnel to train foreign units, and a new Marine Corps Special Operations component. Will those activities require an increase in the Navy’s end strength in 2007?

Mr. WINTER. Sir, I believe that the end strength considerations associated with the Navy and the Navy SEALs have been factored into the proposed end strength into 2007 of 340,700 for the active component and that includes, to my understanding, the factoring in of the additional SEALs that are required.

Senator STEVENS. General Hagee, this new Marine Corps Special Operations component, will it be under the control of the Special Operations Command or under your control?

General HAGEE. Sir, from an operational standpoint, of course it’s under the control of the Combatant Commander or Special Operations Commander General Brown. I am responsible for the training, equipping of traditional types of equipment, not the Special Operations equipment and the training of those marines before they go down there, like we are for any Combatant Commander, sir.

Senator STEVENS. And Admiral Mullen, it is my information that this is going to require an increased level of Navy SEAL team force levels. Are you going to be able to do that type of specific recruiting to meet the Navy SEALs without sacrificing the level of training for the Command as a whole?

I’m looking at this QDR and my staff has looked at it and compared it to the budgets. Have we got the funding in this budget to meet the goals of the Quadrennial Defense Review?

Admiral MULLEN. We initiated the funding in the 2007 budget, but we clearly don’t have it. I mean, we’ve got additional work to generate both the funding, and refine the steps, and the program builds from 2008 on out—2007 was the beginning.

As far as the SEALs, Mr. Chairman, our concern they are—as the Secretary said—they are taking into consideration their end strength increase is taken into consideration in the overall decrease of the Navy’s end strength.

That said, last year for example, we graduated about 170 or 175 SEALs from basic underwater demolition school (BUDS) and we need to generate the kind of numbers we're talking about in the future. We need to get that number up above 200.

We have taken some steps both at the recruiting and in boot camp to ensure that those who are desirous of going are better prepared. We're working pretty hard in terms of making sure those who want to do this and are qualified can get through the training. But in no way, shape, or form is there any intent to decrease the quality.

MENTAL HEALTH CARE

Senator STEVENS. Let me ask two more questions. One is, we know there's going to be an amendment offered to the supplemental that Chairman Cochran is managing dealing with additional funds for the Veterans Administration and for the Department to meet the mental health concerns.

Researchers at Walter Reed Army Medical Center surveying soldiers, sailors, airmen, and marines found that 19 percent reported mental health concerns. Now that's potentially a large problem not only for the Armed Forces, but for the veterans health care system.

Are you adequately funded in the 2007 bill to meet that, or do we need to add money that we're going to be asked to add for the care of these veterans?

Mr. Secretary, have you discussed this?

Mr. WINTER. Sir, I've not discussed this at this level of detail. CNO, do you have a view on this?

Admiral MULLEN. Mr. Chairman, I would really have to get back to you on whether we're adequately funded. I will say that from the Navy's perspective, this is an issue we are aware of and we are working literally from the field back into the hospitals and back into the support mechanisms, that we have—not just in the hospitals, but also at our fleet and family support centers. That is something we are very much aware of.

The adequacy of the funding to support that, I would just have to—I'm comfortable we can do that in the near term. Whether we've got it laid in for the long term, I just don't know. I would have to get back to you on it.

[The information follows:]

Navy Medicine can and will continue to meet the demand for mental health services required by our fighting Marines and Sailors. We have identified the need for an additional \$11.4 million in the 2006 GWOT supplemental to support the Post Deployment Health Re-Assessment (PDHRA) of returning Sailors and Marines, active and reserve component. If Congress passes this supplemental request and our current fiscal year 2007 budget request we will have adequate funding for this initiative and for our mental health requirements throughout fiscal year 2007.

Senator STEVENS. Well I have to tell you, we don't have long term. We're going to have to face this very soon when we get back. Chairman Cochran can maybe tell us when.

That's one of the issues that worries me a little—the amendment to add substantial monies to the supplement for the mental health care. So I hope you can get back to us as soon as possible.

MV-22

General Hagee, about the problems of additional funds for V-22 aircraft as replacement for the CH-46. That money is not in the supplemental that was forwarded to us. And it's my understanding that this is really a problem. I sent you a letter, and you responded to it, and I thank you for that. Have you discussed this with the Department and should we consider increasing the 2006 level—I mean the 2007 level, to meet these V-22 requirements?

General HAGEE. Sir, we have. As you know, we've identified the MV-22 to replace those four 46s we have lost. We put that in the supplemental. It was deferred to next year—to 2007, if in fact we have those funds. We could have executed in 2006, but if we get the funds in 2007 we can execute in 2007.

If you ask me, what I would prefer to do? I would prefer to execute it in 2006, but I also understand the fiscal environment in which we are in.

Senator STEVENS. You didn't get any money out of the so-called bridge funds for 2006 for the V-22?

General HAGEE. Not for aircraft replacement. No, sir.

Senator STEVENS. What's the timing as far as the rate of production now? Is it declining?

General HAGEE. No, sir. In fact, as you know, it went through a successful Defense Acquisition Board. The rate that we had planned a couple of years ago, has in fact been reduced. But we're going to produce 9 this year and the plan is to produce 14 next year.

Senator STEVENS. These are actually going to be used to replace equipment that was lost or destroyed in the war zones of Iraq and Afghanistan, right?

General HAGEE. Yes, sir. Any 46—and we have lost four of those so far, or any CH-53 Delta will be replaced by a MV-22.

Senator STEVENS. Thank you very much. Senator Inouye.

STEAMING DAYS

Senator INOUE. Mr. Secretary, traditionally for the past several years, the Navy has had about 51 steaming days per quarter. Add to this the fact that announcements have been made indicating your intention to increase Navy presence in the Pacific, which would increase steaming days.

Taking these two things into consideration, don't you think that a budget request, requesting 36 steaming days in a quarter is taking a huge risk?

Mr. WINTER. Sir, there clearly is a risk assumption associated with that. I will note however, that we have ensured, taking the proper steps to be sure that the pre-deployment, the readiness part of the steaming, the operations and maintenance are funded at the full level to ensure that we're able to maintain the readiness of the fleet, relative to the operational deployment. This is a matter we're going to have to track very carefully in terms of the ongoing activities, as well as the conduct of phase zero activities that may be dealt with outside of the area of responsibility (AOR). It is a matter we're going to continue to track and we will watch very closely.

CNO, if you want to add to that.

Admiral MULLEN. Senator, clearly it's a calculated risk. We have funded the surge capability from both a training and a readiness standpoint in order to be able to deploy and meet requirements.

These are deployed steaming days which would move from 51 to 36 and we have been at 51 steaming days for a significantly long period of time. It is something I have no desire to return to, what I call the readiness bathtub, that we've filled in recent years, and that we will watch this very carefully. And if we have to, we'll have to move money around in order to fund it to meet the need for the steaming days deployed.

The deployed days are going to be the same. In other words, the ships will still be overseas deployed. It's a question of managing that risk. I actually expect to get some of that returned. Some of those steaming days have, over the last couple of years, been tied to supplemental funds. I'm not looking for that, but that has happened in the last couple of years. So it is an account we just have to manage very, very carefully.

Senator INOUE. So as far as you're concerned, it is a risk that you can live with?

Admiral MULLEN. Yes, sir. At this point in time, it is.

Senator INOUE. What about the 2 percent increase in deferred maintenance?

Admiral MULLEN. Again, that is relatively small at this particular point in time. I'm anxious to not return to a large amount of deferred maintenance and we'll watch this. I actually have some deferred in 2006, as well as in 2007 and I have no desire to return to where we were before and have to watch it literally maintenance availability by maintenance availability to ensure that we don't return to that. And I may have to move resources around to do that, but we are.

The other thing we've done, Senator, is we've worked hard to do maintenance differently than we have in the past and to operate much more efficiently than we have in the past, and we've put an extraordinary amount of money in readiness in the last several years, and I'm anxious to keep pressure on those accounts to make sure we're spending effectively, as well as efficiently.

MARINE CORPS END STRENGTH

Senator INOUE. General Hagee, you're now operating at an end strength of 179,000 marines, with the hope of reaching 181,000 by the end of this fiscal year. In addition, as the chairman noted, you're going to have 2,600 assigned to special operations.

In your professional military judgment, what level of end strength is required to fulfill the current and future missions of your Corps? And I say this because, recently in a statement you said 180,000 is about right.

General HAGEE. Sir, thank you for that question. You are right. We are currently authorized today 179,000. The program budget pays for 175,000. The additional marines authorized by the Congress are funded by the supplemental. In addition as you know, the title 10 allows us to go about 3 percent above our authorized level during times of war. And so, we're at about 180,000 marines right now.

I believe based on the current operational tempo and training tempo that that is about right for us right now. The last review that we had on structuring the Marine Corps was in 2003 and several things have changed since that time.

You've mentioned that we have stood up the Marine Special Operations Command. There's a significant review of our major war plans that are undergoing, as I said, review. And we're also—the QDR report came out, which is shifting it from—re-balancing probably is a better word—from traditional to irregular and so, in order to look at all of that, I have stood up a capabilities assessment group.

It's been going for just over about 1½ weeks. It is headed by Major General Steve Johnson who just returned from Iraq, and they're going to report out late spring—early summer on what the Marine Corps should look like from a structure standpoint and the end strength to support that both now and into the future.

I would like to comment, if I could, just a little bit on Marine Special Operations Command (MARSOC). There are 2,600 marines that will ultimately end up underneath SOCOM. Three major muscle movements. One of them is a foreign military training unit which we stood up last year in the Marine Corps and we're going to move that to SOCOM.

It's where it should be. It's for an internal defense. We will not reconstitute that inside the Marine Corps. We're going to take our Maritime Special Purpose Force which currently trains up with the Marine Expeditionary Unit, goes out with the Marine Expeditionary Unit, and operates with them. We're going to take that force and transfer that to SOCOM. They are still going to train up with and deploy with the Marine Expeditionary Unit.

However in theatre, they will be under the operational control of the Theatre Special Operations Commander. We will not reconstitute that force. We're going and the final capability set, we're going to give to SOCOM, are some signals intelligence (SIGINT) capability, fire support coordination capability, intelligence (INTEL) capability. Those capabilities we will have to reconstitute inside the Marine Corps.

RECRUITING AND RETENTION

Senator INOUE. Thank you very much. Admiral, although you seem to be meeting overall recruitment goals, we note with some concern your problems with recruiting women and minorities. And second, doctors and nurses, the SEALs, and lower re-enlistments in the first quarter of the fiscal year.

If there is anything that you feel that this subcommittee can do to help you in this matter, because I think we've got to meet our goals, I hope you will let us know.

Admiral MULLEN. Yes, sir. Overall from a recruiting standpoint and both the recruiting and a retention level, we are meeting our goals. We've had extraordinary retention for the last—since really—since 2000 and the retention numbers even this year are very good. As is our recruiting, there are some aches on the Reserve side for Seabees and medical where we have not met our goals for a significant period of time and we're anxious to get that incentivized correctly.

And we're working on that as well from the diversity aspect of it. It's a priority for me as a chief to make sure we have this right. Our overall balance in the force is really pretty good, with the exception of senior flag officers in both women and minorities in terms of percentages.

That's a priority for me to get right in the future and to do that, I need to certainly do that at the base so that we have, many years from now, an opportunity. There are opportunities to make sure that we reflect this country. It is a very important issue for me and one that I pay a lot of personal attention to. And so I appreciate your offer. And if there is, I certainly will let you know.

Senator INOUE. Thank you very much, Admiral. Thank you, Mr. Chairman. Chairman Cochran.

SUPPLEMENTAL REQUEST

Senator COCHRAN. Mr. Chairman, thank you very much. Thank you for being here, Mr. Secretary, General Hagee, Admiral Mullen, to discuss the budget request for the Navy and Marine Corps for the next fiscal year. The supplemental has provided part of the request that the Navy and Marine Corps says it needs to repair and replace equipment and other items in your inventory.

I wonder, taking the supplemental request and looking at the request for this next fiscal year, do you think, Mr. Secretary, that you have enough funds to carry out the missions you expect the Navy and Marine Corps to be required to carry out?

Mr. WINTER. Senator, within the ground rules we've been given, which is to say that the incremental cost of operations associated with the conflict to be included in the supplemental and not into the base budget, we do believe that we have adequately provided for the needs of the Navy and Marine Corps for the next year.

Senator COCHRAN. General Hagee, the Marine Corps is asking in the supplemental for approximately \$3.2 billion to repair or replace ground vehicles, Humvees, and other equipment that has been damaged or lost in Iraq and Afghanistan. How will you deal with the remaining unfunded requirements in ground equipment to complete for example, resetting the aviation assets that have been depleted.

General HAGEE. Sir, thank you for that question. What we did is, last year we drew a line and we looked at October 1, 2005, and we said, what will it cost to reset the Marine Corps as of October 1, 2005? And we came up with \$11.7 billion.

If we had that and the industrial base could execute it, we would be just where we should be as far as capabilities and capacities in the Marine Corps. And that's what we have called our reset and we submitted that as part of the supplemental. We got a portion of that for 2006. The rest that's over here is a recommendation for 2006. The rest is then deferred to 2007.

We could not, even if we got the \$11.7 billion, we couldn't execute it in 2006. Industry could not execute it in 2006. We believe we could execute about \$6 billion of that. I think \$5.1 billion in 2006 and the balance is in 2007.

Then there's a cost of war. And the cost of war for 2006, as I mentioned in my opening statement, is about \$5.3 billion. And as long as the war goes on that will continue if we get that funding,

then there will not be another requirement for a reset once we obligate and execute those \$11.7 billion.

SHIPBUILDING PLAN

Senator COCHRAN. Thank you very much. Admiral Mullen, looking at the long-range ship building plan for the Navy, we had the tragedy of Hurricane Katrina, as you know, that struck the gulf coast of our State and we have a major ship building firm located in the Pascagoula area. What impact is that going to have on your requirements, or the budget submission that you have presented for Navy ship building?

Admiral MULLEN. The long-range ship building plan in great part depends on the shipyard. Actually all of our shipyards, but certainly the shipyard in Mississippi as well. And so clearly as I've structured the long-range ship building plan, put the plan, submitted it to you this year. My goal is to create a strategic alliance between the Hill, the Navy, the Department, and industry. And a viable industry is a very important aspect of this.

What I'm trying to do is submit a plan that is stabilized, doesn't change year to year, so that industry can make investments to deliver ships which we can control their cost. And all of us have work to do in that area.

So the viability of that shipyard is very key in terms of the future of building the ship plan for the Navy and for the Nation.

LPD-17 AMPHIBIOUS SHIP

Senator COCHRAN. One of the responsibilities there at that yard, I understand includes the LPD-17 amphibious ship. We appreciate the fact that that's an important part of our State's economy and we're very proud of the good work that has been done there. Particularly, in mobilizing a workforce that have been dispersed and preoccupied with just trying to stay alive and keep families together in the aftermath of that hurricane. But I think they seem to be back working. I think I heard 12,000 employees available and dependable for work every day there.

I noticed the fiscal year 2006 submissions, Mr. Secretary, shows that the ship plan for fiscal year 2007 has been pushed into 2008. But it is also listed as part of the Navy's unfunded requirements list.

So I'm wondering, it would seem that it would be appropriate to fund something that is on the unfunded requirements list, rather than push it into the next fiscal year. What is the problem?

Mr. WINTER. Well sir, that was a move that was made recognizing that by dealing with the advanced procurement, we were able to actually buy the last of those Amphibious Transport Docks (LPD), in I believe the 2008 time period, without impacting the actual delivery of that particular ship.

At the same time obviously, if we could pay for that earlier, it would provide additional headroom in the out-years. This is something we clearly want to do. It is a matter of providing an appropriate allocation of the resources in the time period we're discussing.

Senator COCHRAN. General Hagee, I remember last year we talked about how many amphibious ships the Marine Corps needed

and how many would you like to have to support Marine Corps operations. I believe you said you would like to have 10 LPD-17s. Is this still something that you think would be helpful and satisfy the Marine Corp's strategic lift requirements?

General HAGEE. Sir, you know I'm an infantry man, you never have enough information and I'm a marine, you never have enough amphibious shipping. I would love to have 10 LPDs. I understand the fiscal environment that we are in. I think there's—as I testified last year, there's a risk with nine. But that's a risk that I believe that we can take.

Senator COCHRAN. Thank you very much, Mr. Chairman. Thank you all for your cooperation and your great performance of duty.

Senator STEVENS. Thank you, Senator. Senator Burns.

Senator BURNS. Thank you very much, Mr. Chairman and welcome all of you to this hearing this morning.

MARINE CORPS EQUIPMENT REPLACEMENT

General Hagee, could you give me an assessment right now on replacement equipment and modernization of equipment? I know it changes everyday and our losses, could you give me kind of assessment of how we're replacing, and how we're modernizing?

General HAGEE. Yes, sir. Probably the best example is with our maritime pre-positioning squadrons. As you know, we have three of those squadrons. Each one of the squadrons has the ground equipment and the sustainment for a brigade of 15,000 marines—a lot of equipment.

Last year at this time, two of those squadrons were down below 35 percent availability of equipment because it was gone and it was in Iraq. Because of the support that we have received on supplemental funding, today two of those squadrons are just about at 100 percent and the one remaining squadron is up around 90 percent. The equipment is actually on order. The money has been obligated, we're just waiting for it to come in. So the supplemental funding has improved our readiness significantly.

The CNO talked about the bathtub. We used a lot of equipment. As you know, the rules said in the first 2 years of supplementals, we could not use it or at least, not very much of it for procurement. Last year we were able to do that and we're starting to fill that bathtub up.

MARINE CORPS RESERVE

Senator BURNS. Tell me about your Reserves and the equipping of the Reserves, and are they ready for deployment should they be needed?

General HAGEE. I've been in the Marine Corps for 38 years. I've never seen a more ready, battle hardened Marine Corps than we have today, both regular and Reserve. Ninety-seven percent of our selected Marine Corps Reserve units have been activated. And over 70 percent of those individuals who have been activated have in fact, served in either Iraq and Afghanistan. They are ready to deploy.

Now we have taken equipment and we have pushed it to Iraq, and we have pushed it to Afghanistan—exactly where it is needed. They have sufficient equipment back here to train. If we had to mo-

bilize all of them, we would have to draw down our preposition stocks again.

Senator BURNS. When you deploy your Reserves, when you call your Reserves up, are they blended into regular units or are they a unit unto themselves?

General HAGEE. They are a unit unto themselves, sir. If they're called up as an infantry battalion or an artillery battalion, in some cases if we call a debt or a detachment, it could in fact blend into another unit.

Senator BURNS. That's the reason I asked those questions, is because of I can see a depletion of those Reserve units not having the necessary equipment to actually be combat ready whenever they are called up.

In other words, do they have to be retooled or does new equipment have to be issued? Because I know there's been a draw down in the equipment at the Reserve level.

General HAGEE. Yes, sir. That is correct and I say, especially for the major end items for the personal gear we're fine. On the major end items, we would have to take some of those out of pre-positioned stocks, if in fact we called up everyone.

MARINE CORPS RECRUITMENT

Senator BURNS. Your recruitment—tell me how your recruiting is going. Now I know you're going to send some of your personnel into Special Ops, do you plan to replace those numbers back into your regular ranks?

General HAGEE. We won't replace all of the capabilities in the regular ranks. The classic example is the Foreign Military Training Unit which we stood up in the Marine Corps last year. It's about 400 marines. It's a capability that the Nation will continue to have, but it will be under SOCOM. We will not reconstitute that under the Marine Corps.

MARINE CORPS TRAINING

Senator BURNS. I appreciate that because I'm mostly concerned you know, from my background. I'm concerned about the people on the ground and in your training. I don't think the American people really understand how 9/11 changed our lives and how we look at the world now at a different kind of an enemy than we did, say in the cold war era, or in the past.

You're training, especially boot camp. Now I know at one time that Marine Corps Recruiting Depot (MCRD) San Diego was talked about to go on the base realignment and closure (BRAC) and move all boot camp and primary training to boot training to Parris Island. I understand now, that you need both units in your operation now, is that correct?

General HAGEE. That is correct, sir.

Senator BURNS. And when I talk about training now, it takes on a different kind of training. In other words, the psychology of training has not changed in the Marine Corps. I congratulate you for that, but also, to deal with an enemy that we've never been able, or never ever seen before. And I'm wondering if the wing of the hearts and minds of wherever we travel is now a part of your boot

camp training, or is a part of your Infantry Training Regiment (ITR).

General HAGEE. It's a part of our—what we call now, our school of infantry which was the old ITR. It is absolutely a part of that, sir, and as I mentioned in my opening statement—

Senator BURNS. I hated to date myself.

General HAGEE [continuing]. The same thing, the same tough hard training. Where we have made the most significant change is in Twentynine Palms. As you know, we use to do the combined arms exercise out there, which is an industrial war type of exercise, coordinating artillery, and aircraft fires. We have changed that to where it is in a regular battlefield now.

We have a couple of mock Arab villages—really quite large. We have role players that are actually Iraqi's speaking Arabic, that populate these villages when we're doing training out there. The marines learn how to interact with them, how to deal with IEDs. So we have significantly changed the training that a unit experiences before it goes over.

Senator BURNS. Well I'm one of these and due to the leadership of our chairman and ranking member on this subcommittee for their vision and insight, because I still believe our success around the world, the best Ambassadors we have is the warrior that is on the ground and their ability to deal with the people that they run into, new cultures, new languages, new everything.

And being able and having the versatility as a person, as an individual, to deal with those changes. And so I congratulate you on that and I just know that the young people that we encounter when we're in the service and we're abroad, the effect that we have on them is the future of this country. Because the impressions our warriors make on them, will last them for a lifetime and that is winning the hearts of the future and I congratulate you on that also and I yield back my time.

SERVICE MEMBERS' ABSENTEE VOTES

Oh, there's one other question. We're concerned a little bit about it's an election year and I'm up. But new ways of making sure that our men and women can vote absentee, we've been looking at different systems in our office and have been in contact with your offices.

I wish you would take a look at that for us, and to make sure that our men and women who serve in uniform, especially abroad, do not lose their voice in Government. And we've been working on that and I would hope that you would visit with us just a little bit in our offices, because there's a couple of plans out there that we think could facilitate and to make sure that they do not lose their voice in their government. Because I think it is very important and I thank the chairman and I yield my time.

Senator STEVENS. Thank you very much. Pardon us, we're discussing another subcommittee's ability to meet this afternoon. We have a series of votes.

UNMANNED COMBAT AIR VEHICLE (UCAV)

Admiral, during the coming recess we're going to go out and take a look at the predator development ground out in Nevada and we

understand you're thinking about developing unmanned combat aircraft now, and the Defense Advance Research Projects Agency (DARPA) has been involved in the whole subject in the past.

You're requesting \$239 million in fiscal 2007 and tell us, between 2007 and 2011 that this unmanned combat air vehicle will request funds in excess of \$1.8 billion. Now are you satisfied that this is right for the Navy to separate off from the joint program that's been going on in the past?

We've had a joint program for unmanned combat aircraft for all the services and now, it looks like you're going to go it alone, tell us why?

Admiral MULLEN. Sir, the intention is not to go it alone. It was really to take what was the joint program, move this \$1.8 billion to focus on the unmanned carrier suitability piece of this which was also part of that joint program. But it was not as clean a part per se.

Both General Mosley and I are very committed to the joint outcome of this—of what was going on in this joint program. General Mosley and his—also has a significant portion of that money. I believe the other half of what was almost a \$4 billion program across the time line you described and we have pledged to each other, to ensure that as this evolves we share the technologies and the developments, and down the road come back together.

So I have great confidence in that for us, the unmanned piece, as I've said, is the carrier piece. As I come in as Service Chief, I'm anxious to do more unmanned work, not just on the carrier side but other unmanned developments which are all ongoing. I just have not had a chance to get at those myself and intend to spend a fair amount of time on that in the 2008 program.

Senator STEVENS. Well respectfully, Admiral, I don't think anyone in any group has been more supportive of the unmanned research program than this subcommittee. As a matter of fact, we initiated it as an add-on one year.

Even the Air Force wasn't interested in it. But now, everybody's interested in it. But we have an ongoing program. It is a joint program at a time when money is so tight. Why should we split off \$1.8 billion and give it to you to duplicate what's being done in a joint program?

The joint program will still be going on and I understand some of the problems we've had in the past about the structure of the landing gear and everything else for carrier landings, but this should not be that much different for an unmanned combat aircraft.

I seriously questioned—this whole thing is just going up like this—I questioned whether we need to duplicate another program and split this off and have different personnel, different costs. Why can't you keep up with the joint program?

Admiral MULLEN. We believe that the outcome of this decision was a better outcome than that, which was coming from the joint program at the time. The combined output, and it also included where we were. Not just with the Air Force, but obviously where we were with DARPA.

Senator STEVENS. But if you get a separate program, why doesn't the marines, or why doesn't the Army? The Air Force already has

the major program. I asked the Coast Guard to look at unmanned aircraft for the purpose of exploring the maritime boundary. We asked Intelligence, the immigration people to look at unmanned aircraft for the purpose of exploring or maintaining our surveillance of our borders.

Why don't we just add a national program, instead of all of these separate offices that cost money? And I will tell you we are losing support up here because of redundancy of programs. And I urge you to go back and think that one over. I think the whole budget has to be thought over from the point of view of what's necessary now?

We went over and saw the movement of bases from Germany into Italy—wonderful plan. But why does it have to be done now? A half million dollars for one base, three-quarters of a million dollars for another—excuse me, half a billion dollars for one base, three-quarters for another one. Now, moving them now, at time when we're at war, why should you separate to a different program now?

I'm being too hard on you, I know. But that unmanned combat air vehicle for you, won't enter the fleet until 2018. These gentleman and I won't be here in 2018.

We are anxious in making sure that the budgets for the next 4 or 5—10 years, we hope to be here maybe that long—will meet the needs of the people in the services. I think we're causing expenses out into the future that are unnecessary and we ought to have one program for the Department of Defense on unmanned aircraft and I urge you to consider it.

Do you have anything further, Senator?

WAR DEFINITION

Senator INOUE. One short question. In recent times, in many discussions and debates, we hear two phrases, big war, small war. Can any one of you tell me what you consider a big war, and what is considered a small war?

For example, more specifically, is Iraq a big war? Is Afghanistan a big war? Was the Battle of Panama considered a small war? I would like to know what we're discussing.

General HAGEE. I think from a little bit, obviously it depends upon who you are. Lance Corporal Hagee, it's a big war, regardless of what it is, because he's up there, he's out front.

I think regardless of whether it's the Battle of Falluja or whether it's World War II, as you know very well, I think at a higher level it's the impact throughout the world and it's the amount of resources.

I would suggest that Iraq and Afghanistan—really Iraq right now, are a subset of the long war, which is a war against radical fundamentalism throughout the world. The focus right now is in Iraq and we're expending, as you know very well, Senator, quite a bit of resources over there. And so, I would call that a big conflict. Yes, sir.

Admiral MULLEN. Sir, I would chime in basically the same way. I think it is tied to sustainment, it is tied to resources, it's tied to the kind of combat capability you have to deliver over that extended period of time.

We've certainly got war plans for major conflicts. So in that context, at least I think about a big war along those lines. I think, at least as I listen to your example, what happened in Panama, I would certainly put it in the small category.

We probably have a tendency to think more along the lines of both time, capabilities, sustainment, and risk in other parts of the world when you are involved in a big way, somewhere else. And so I'm consistent with what Mike is saying here. I'm comfortable with that description.

Senator INOUE. Thank you.

Senator STEVENS. Senator Cochran, do you have anything further?

Senator COCHRAN. I have no further questions.

ADDITIONAL COMMITTEE QUESTIONS

Senator STEVENS. Gentlemen, thank you for your testimony. We appreciate you being here today and we thank you all for your distinguished service to the Nation and the work that all of the armed services people under your command do. We're proud of them and want to support them as much as possible.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO DAVID C. WINTER

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

NAVY EXPEDITIONARY COMBAT COMMAND GLOBAL WAR ON TERROR

Question. In January 2006, the Navy stood up a Navy Expeditionary Combat Command designed to provide forces that operate in an expeditionary environment, and to relieve other forces in the Global War on Terror.

The Command plans to establish three Riverine Squadrons. The first Squadron will deploy to Iraq in March 2007 to relieve a company of Marines.

Funding to equip two Riverine Squadrons was requested in the fiscal year 2006 Supplemental. The House denied the requested funding citing an incomplete concept of operations and the lack of validated equipment requirements. As a result, the Navy is considering reducing the number of Riverine Squadrons in the near term.

The 2006 Quadrennial Defense Review (QDR) endorsed the concept of the Navy Expeditionary Combat Command.

In accordance with the Quadrennial Defense Review, the Navy is standing up a new Expeditionary Combat Command. What role will this Command and its components play in the Global War on Terror (GWOT)?

Answer. The mission of Navy Expeditionary Combat Command (NECC) is to man, train and equip Navy forces to operate in an expeditionary environment and to provide the full spectrum of capabilities within its assigned forces to extend the Joint Force Maritime Component Commander's (JFMCC) tactical and operational reach near coastlines, inshore and the riparian environment. NECC will become a force multiplier to GWOT by:

- Aligning current force structure under a single command;
- Creating a process for irregular warfare development;
- Capitalizing on synergies of current expeditionary forces; and
- Task organizing force packages and reducing force closure time.

When fully implemented, NECC will merge the following existing and developing capabilities: Explosive Ordnance Disposal, Cargo Handling, Coastal Warfare, Mobile Diving and Salvage, Navy Construction Force, Expeditionary Logistics Support Group, Riverine Force, Maritime Civil Affairs Group, Expeditionary Combat Readiness Center, Expeditionary Training Team, and Expeditionary Security Force.

NAVY EXPEDITIONARY COMBAT COMMAND EQUIPPING STRATEGY

Question. Funding for the Navy Expeditionary Combat Command (NECC) has been requested in the fiscal year 2006 Supplemental, but not in the regular fiscal year 2007 budget. What is the equipping strategy for the Navy Expeditionary Combat Command?

Answer. The Navy requested funding in the DON fiscal year 2006 Emergency Wartime Supplemental submission for the Riverine Force (\$73.1 million); the Maritime Civil Affairs Group (\$6.4 million); the Expeditionary Training Team (\$2.5 million); the Maritime Security Force (\$6.5 million); Inshore Boat Units, which are components of the Naval Coastal Warfare community (\$16.5 million); and the NECC Headquarters (\$2.5 million). The primary rationale for the funding requested in the fiscal year 2006 Supplemental for the new components of the NECC is that the final decision to establish the NECC and the aforementioned components was not made until after the submission of the regular fiscal year 2007 budget.

The following summarizes all of the efforts currently in motion and planned to fund the Riverine Force (Riverine Group ONE [headquarters] and three deployable Riverine Squadrons) in the OPN, WPN, OMN and PANMC appropriations. The first Squadron-level operational deployment to the U.S. Central Command Area of Responsibility is scheduled for March 2007. Principal rationale behind requesting procurement funding on an accelerated timeline is due to the relatively long delivery projections for much of the equipment required by the deploying Riverine Squadrons (in many cases delivery forecasts are 12 months or longer, subsequent to contract/contract option award).

—*Fiscal Year 2006 Below Threshold Reprogramming.*—\$7.47 million to begin equipping Riverine Squadron ONE (RIVRON ONE). Fleet Forces Command is also providing OMN funding from existing resources in fiscal year 2006 to support the establishment of RIVRON ONE and the Riverine Group ONE headquarters on an accelerated timeline.

—*Fiscal Year 2006 Above Threshold Reprogramming.*—\$17.34 million to continue equipping RIVRON ONE, less combatant craft, which the Marine Corps will “loan” RIVRON ONE for initial training and the March 2007 deployment. With one exception, funding will “pay back” other Navy programs from which required equipment for RIVRON ONE is being redirected.

—*Fiscal Year 2006 DON Emergency Wartime Supplemental Request.*—\$73.1 million to equip RIVRONs TWO and THREE, commands scheduled to sustain the aforementioned initial operational deployment in November 2007 and July 2008, respectively.

—*Fiscal Year 2007 President’s Budget.*—\$22.31 million initially intended to begin establishment of one modestly sized riverine unit. This baseline concept was superseded by a more robust Riverine Force concept subsequent to submission of the PRESBUD. Currently, fiscal year 2007 funding would be used to sustain the Force being stood up in fiscal year 2006.

SEALS EFFECT ON END STRENGTH

Question. The 2006 Quadrennial Defense Review (QDR) addresses a significant increase to our nation’s Special Operations Forces’ (SOF) capabilities which will include additional Navy SEALs and additional Navy personnel to train foreign military units, and a new Marine Corps Special Operations Component.

Will the Department of the Navy increase its end strength to stand up these additional units?

Answer. The Department of the Navy will not need to increase overall end strength to meet the growth of SOF. While aggregate Navy strength may be decreasing, Navy’s overall force shaping provides for growth in certain manpower specialties, including SOF. The Navy has already established a specific plan that will add over 650 personnel (above a fiscal year 2004 baseline) to the Navy’s SOF communities through fiscal year 2008, and is developing plans to rapidly, but prudently, implement QDR-directed growth increases in SOF and SOF supporting communities. This growth is based upon combatant commander requirements (U.S. Special Operations Command), as well as the ability to fully train, equip, and deliver SEALs and Special Warfare Combat Craft crewmen to the fleet.

The establishment of the Marine Special Operations Command (MARSOC) will be accomplished within the current 175,000 Marine Corps end strength funded in the fiscal year 2007 President’s budget. It should be noted that several of the functions performed by the Marines assigned to MARSOC (e.g., Foreign Military Training) will, in the future, continue to be performed by those Marines, as a component of SOCOM, without affecting the end strength requirements of the Marine Corps. Furthermore, the Commandant of the Marine Corps has directed the creation of a Ca-

pabilities Assessment Group (CAG) to ensure the proper incorporation of QDR guidance and will look for efficiencies and changes within the Marine Corps to enable end strength to be stabilized at the QDR level of 175,000. The Group will report its recommendations this summer.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

WATER PURIFICATION PROGRAM

Question. Mr. Secretary, the Office of Naval Research (ONR) is working on a water desalination program in southern New Mexico. The goal of this program is to study techniques in reverse osmosis that will lead to the production of a transportable water purification unit. In turn, these units would be used by Marines engaged in humanitarian and disaster relief efforts. They would also help meet the water demands of our expeditionary war fighters.

As a long-time supporter of this program, I was proud to hear of ONR's success in this area, with one water purification system being transported to Alaska last year to provide fresh water for the Coast Guard, and two units being deployed to Mississippi in the aftermath of Hurricane Katrina to provide pure water for relief workers.

Can you tell us a little about these missions and the value of the Expeditionary Unit Water Purification (EUWP) program?

Answer. While the project has no formally designated phases, the following activities will be supported during the fourth year that congressional enhancements were received. The two EUWP Generation I (GEN I) systems, 100,000 gallon per day technology demonstrators, are currently located at the U.S. Navy Facilities Engineering Support Center, Pt. Hueneme, California, and the Tularosa Basin National Desalination Research Facility, Alamogordo, New Mexico. While under going testing and data collection, both GEN I systems were requested to support Hurricane Katrina relief efforts. The first GEN I was positioned near the Biloxi Regional Medical Center to provide potable water using water from the Gulf of Mexico as source water. The second GEN I was positioned at the Pascagoula Port to provide a Carnival Cruise ship a source of potable water. Mission Assignment#DOD-23, assigned by NORTHCOM was supported from September 9, 2005 through October 19, 2005.

Question. What are the next goals of this program?

Answer. A critical effort in the fiscal year 2006 plan is to put the Generation I systems through a third party validation program. The two selected programs both reside within the Environmental Protection Agency (EPA) and are called Environmental Technology Verification (ETV) program and Technology Testing and Evaluation Program (TTEP). TTEP is an outgrowth of the EPA's successful and internationally recognized ETV program. TTEP rigorously tests technologies against a wide range of performance characteristics, requirements or specifications. ETV test plans are used after being modified to meet homeland security requirements.

The current plan also includes the effort of extending the development of science and technology in areas that will increase the output of water purification facilities while holding costs constant or at a reduced cost. While enhancing "through-put" is one of the principal objectives, no specific plans have been made to demonstrate this technology on a 500,000 gallon per day (gpd) demonstration model. Existing plans are to integrate and evaluate promising technology achieved, by conceptually designing them into a 300,000 gpd engineering prototype model. This effort, designated as Generation II (GEN II) is on schedule. On March 8, 2006, a kickoff meeting (Contract Award) was held at Pt. Hueneme, California to start the fabrication of the Naval Sea Systems Feasibility Demonstrator. The preliminary design of the GEN II is suitable for consideration as a replacement for large amphibious ship water purification system(s).

Another part of the fiscal year 2006 plan is to award second year options to the promising performers who were selected last year in response to Office of Naval Research's, (joint with NASA), Broad Agency Announcement (BAA) 05-005 titled, "Science and Technology in Water Desalination and Purification". Also the EUWP program plans to initiate the commercialization (scaling up) of selected technologies from BAA 03-011; same title as mentioned above.

Question. What further successes do you foresee with fiscal year 2007 funding for this program?

Answer. All efforts initiated to date will be completed with the fiscal year 2006 funding provided.

Question. Does the Department of Defense have the authority it needs to transfer this technology to the public sector?

Answer. The Expeditionary Unit Water Purification program brought together the expertise of many organizations, to include other Department of Defense (DOD) Services, Federal Agencies, International Partners, and private contractors to ensure the success of this effort. The participation of the Bureau of Reclamation (BOR) with their extensive background in water use and reclamation is expected to assist in the smooth transfer of beneficial desalination technology to the civilian desalination market through the direction of test and evaluation activities, and the coordination of test results with industry. The BOR is a recognized leader in desalination and water purification research, both domestically and internationally, and is a principle conduit to both the consumer and most suppliers. It is expected that the promising technology(s) provided by the EUWP program will be utilized by the BOR and the DOD Services.

Question. What can Congress do to help the Office of Naval Research (ONR) make this research and technology more readily available commercially?

Answer. Through the foresight of the Congress in funding this effort, ONR has had the opportunity to develop the Expeditionary Unit Water Purification program to be useful in a variety of situations, such as the disaster of Hurricane Katrina. However, at this time additional resources are not required for this program.

NAVY HIGH ENERGY LASER TESTING

Question. The High Energy Laser Systems Test Facility at White Sands Missile Range has allowed for much development and demonstration of High Energy Laser Weapon programs. It is my understanding that the high energy laser testing by the Navy at this facility has met with a number of recent successes.

Can you describe some of these successes for us?

Answer. The High Energy Laser—Low Aspect Target Tracking (HEL—LATT) program was created to determine requirements and develop tools to support tracking and laser aim point maintenance for the shipboard high-energy laser weapon system.

In fiscal year 2005, ONR funded the completion of the integration of new hardware and evaluation of the optical tracking system to perform laser aim point maintenance. The objectives of HEL—LATT have been to adapt a well-proven AIM-algorithm aided by an appropriate set of modern sensors on the Sea Lite Beam Director (SLBD) for precision aim point tracking. The potential tracking and aim point solution is based on Advanced Tactical Anti-Air technology. SLBD is employing the adapted algorithm and its new sensors for a sub-sonic shoot down. SLBD is to acquire and track maneuvering targets against the sky, against a transitional sky to mountain and finally against the mountain backgrounds.

In an initial series of dynamic tests using the software and track processors, high G maneuvering targets against the sky background have been tracked in nine out of ten passes, and the laser quality aim point was maintained for impressive durations.

During the past two years, the HEL—LATT program has added three passive IR sensors for precision tracking to support the Sea Lite Beam Director (SLBD). These are:

- Mid-Wave Infrared (MWIR) sensor to Automatic Aimpoint Selection and Maintenance (AuASAM) telescope for target acquisition from a Radar handover. This sensor has twice the field-of-view of the Forward-Looking Infrared (FLIR) and has greatly improved sensitivity (Noise equivalent delta Temperature that is 250 times lower). This sensor allows the SLBD to acquire a target between 15 to 20 kilometers against a mountain background; the FLIR requires a range of less than 5km to perform this mission.

- Long-Wave Infrared (LWIR) sensor in the Hot Spot Tracker (HST) port to provide fine tracking during a Mid-Infrared Advanced Chemical Laser (MIRACL) with jitter of a few micro-radians.

- MWIR sensor in the HST port to improve target lethality during a MIRACL.

Question. What would fiscal year 2007 funding for High Energy Laser Testing allow you to achieve?

Answer. The PB07 request did not include any funds for this purpose. Additional resources could be used for additional tracking tests in the presence of a high energy laser beam, and pursuit of upgrades to improve tracking algorithms.

Question. What do you need from White Sands Missile Range and/or New Mexico in order to achieve these goals?

Answer. Missile range time and personnel at WSMR to perform and finish the testing.

MAGDALENA RIDGE OBSERVATORY

Question. The Magdalena Ridge Observatory project is an international scientific collaboration that involves the Office of Naval Research. The observatory will house a 2.4 meter diameter telescope and an array of optical/infrared telescopes.

What is the value of these telescopes to the Navy and the Department of Defense as a whole?

Answer. The military value derives from development of new technologies for implementation of the Navy's Prototype Optical Interferometer (NPOI), currently providing operational data to the United States Naval Observatory. These technologies, such as the coupling of adaptive optics with optical interferometry, will increase the sensitivity of ground-based interferometers to improve their use for accurate star catalogs for navigation and precise timekeeping, and for space object monitoring and identification.

The 2.4 meter telescope will have rapid tracking capability that will allow it to slew to any target and acquire data within one minute of receipt of notice. The telescope is situated to enable tracking of missiles launched from White Sands Missile Range.

Question. When is this project scheduled to be complete?

Answer. The single 2.4 meter telescope delivery is on schedule and first light is projected in early fiscal year 2007. The delivery of the first of the unit telescopes for the interferometer array is scheduled for late fiscal year 2007 with the final unit telescope delivery in fiscal year 2009.

LONG WAVELENGTH ARRAY

Question. The Long Wavelength Array project includes the Naval Research Laboratory and will build a very large aperture radio astronomy telescope designed to study the electromagnetic spectrum in the areas of astrophysics and space physics. Such an instrument would keep the United States on track with instruments being built in Europe, Australia, and China.

What is fiscal year 2006 funding for this project being used for?

Answer. Initially, fiscal year 2006 funding will be used to define the system requirements for the array including dipole array antennas and detectors and overall array dimensions. Development of a prototype dipole antenna will be carried out and funds will be used to begin site preparation for the ultimate long wavelength array.

Question. What will the project accomplish in the scope of national defense and security efforts?

Answer. The Long Wavelength Array (LWA) will provide unprecedented spatial and temporal ionospheric imaging; it will provide unique data on the structure of Solar Coronal Mass Ejections (CMEs) for an improved understanding of space weather effects including geomagnetic storm prediction. This research will help provide improved ionospheric models which can affect GPS, communications and targeting systems, geolocation of tactical emitters, imaging by space-based radars, satellite communications, and over-the-horizon radars.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

C-130 CANCELLATION

Question. Secretary Winter, you are undoubtedly aware of the controversy over last year's C-130 cancellation and restoration. As a former businessman, can you assure the Committee that the new approach makes sense and will meet the Marine's requirements for KC-130s?

Answer. The Marine Corps is currently in a multi-year procurement program with the Air Force to procure a total of 34 aircraft by the end of fiscal year 2008. A study has just been initiated by OSD (PA&E) to examine alternative business cases: refurbishment of F and R model KC-130 aircraft versus additional new buys of KC-130Js. The Department of the Navy will work with PA&E while monitoring KC-130 OPTEMPO and availability of F and R model aircraft for refurbishment while being mindful of the value of avoiding a production break in the KC-130J line. The Department of the Navy views this as a likely fiscal year 2009 budget issue.

SHIPBUILDING AND OPERATIONS COSTS

Question. Secretary Winter, the Navy is under significant fiscal constraints given the high cost of shipbuilding, yet its operating cost requirements are not decreasing. How are you planning on alleviating some of this pressure?

Answer. Management of the cost of Navy's shipbuilding program is a priority to me. In this context I use the term shipbuilding in a holistic way—the hull, mechanical, and electrical (HME) systems plus the weapons, C4ISR, and other systems that give the ship its combat power.

The Department of the Navy is actively working with our partners in industry and with the Congress to alleviate the cost pressure on shipbuilding. We must recognize the need to build a Fleet with the capabilities our nation needs at a cost that is sustainable across time.

The Department is responsible for recommending to Congress shipbuilding requirements and capabilities such that stable funding can be planned and provided for industry across the FYDP. The Department is off to a good start with the analysis that underpins the recently submitted 30 Year Shipbuilding Plan, a plan that identifies a Navy of 313 ships at an average cost of \$13.4 billion (in fiscal year 2005 dollars) each year to achieve that plan. The Department is also responsible for controlling shipbuilding requirements/capabilities: both in new programs and in programs already in production. This is an area where, clearly, we must do better—and it will take strong leadership on the part of both the senior civilian and uniformed leadership to curb the Department's appetite for increased requirements/capabilities. Within the Department, our civilian and uniformed leadership will need to work side-by-side in this endeavor, at all levels of program management and execution, to ensure the Department gets the maximum combat value for every dollar invested.

The Department will also work alongside industry to identify a model that supports a viable business base through construction and integration of highly capable ships at low rates of production. The Department will work with industry to motivate and implement rigorous process improvements such as Lean Six Sigma, investments in capital improvements that support low rates of production of high capability systems, and workforce investments which will ensure the composition of skill sets within the industry. Finally, the Department will tailor contracts and business arrangements with industry to motivate these desired behaviors that are in the national interests.

The Department will also work closely with Congress to ensure funding and a funding profile that supports execution of the 30 Year Shipbuilding Plan. Stability in funding at an average of \$13.4 billion per year (in fiscal year 2005 dollars) is the sine quo non of achieving the plan, as it provides the stabilized business base necessary for industry to confidently plan for the future and it provides industry acceptable risk to implement the changes discussed above.

In addition to their contribution to shipbuilding, the Navy is working several additional initiatives to reduce cost in the areas of operations and maintenance. These measures include a ship maintenance process called SHIPMAIN, used for maintenance process improvement, a revitalized Energy Conservation Program (ENCON), and implementation of continuous process improvement at Naval Sea Systems Command (NAVSEA) and Naval Air Systems Command (NAVAIR).

- SHIPMAIN aligns the modernization of surface ships and aircraft carriers into a cohesive, single process. The process combines all modernization information into a single database, Navy Data Environment (NDE). Initial baselining of the modernization database in support of SHIPMAIN avoided nearly \$200 million in costs across the FYDP. The SHIPMAIN process also administers Multi-Ship Multi-Option (MSMO) contracts allowing longer terms for the execution agent. MSMO contracts create a stabilized workload for Private Industry, which allows a more stabilized workforce, thus reducing cost.

- The Energy Conservation Program includes a centralized ENCON website that provides training, guidance, and historical data that Ship Commanding Officers and Engineering Department personnel use to assist in reducing energy costs. The ENCON program includes on-site and VTC training for ship and squadron personnel, and a compilation of the Navy Energy Usage Reporting System (NEURS) data. Operational target incentives are paid by Type Commanders to ships and aircraft squadrons who use less fuel during operations. Another part of ENCON develops and validates shipboard performance of mature energy saving systems/components. This program reduces energy costs for a relatively minor investment.

- Navy must transform the way it does business within its systems commands to dramatically cut costs. This means improving throughput, reducing new product development cycles, enhancing personnel development, and preserving fundamental values. Both NAVAIR and NAVSEA are aggressively adopting a culture of continuous process improvement with a standardized, disciplined approach that includes industry-recognized best practices of Lean, Six Sigma, and

Theory of Constraints; with prioritized application of these methodologies to the right value streams.

FUNDING FOR RECRUITING AND RETENTION INCENTIVES, BONUSES AND ADVERTISING

Question. Secretary Winter, both the Navy and Marine Corps rely on supplemental funding to augment recruiting and retention incentives, bonuses, and advertising.

Knowing that the recruiting and retention challenges will continue, what is your plan to fund these programs?

Answer. Funding for recruiting, retention, bonuses and advertising requirements to include new missions such as the Marine Corps Special Operations Command and the Navy Riverine Force, will be included in the baseline budget requests to Congress. However, variations in the manpower environment and extraordinary demands for critical skills make it impossible to anticipate these costs with complete accuracy. Given the uncertainty of the impact of the Global War on Terror (GWOT) on recruiting new Servicemembers and retaining existing Servicemembers, costs for recruiting and retention incentives, bonuses, and additional advertising may be submitted for consideration in future GWOT Supplemental Budgets, if circumstances warrant.

There are unique challenges and stresses on recruitment and retention precipitated by the GWOT, particularly with respect to SEALs and Medical personnel whose communities are very heavily utilized to support the Global War on Terror. To address these challenges, we have intensified our efforts to recruit and retain SEALs and Medical personnel. Examples of these efforts include raising the enlistment and reenlistment bonus and restoring active component recruiters along with funding the associated O&MN support costs.

BASIC ALLOWANCE FOR HOUSING (BAH) BUDGET SHORTFALL

Question. Secretary Winter, the Navy is facing a \$150 million shortfall in fiscal year 2006 as a result of the increased rates for the basic allowance for housing.

How is the Navy planning on addressing this shortfall and how can they be prevented in the future?

Answer. There is a shortfall in the Military Personnel, Navy (MPN) account attributable to higher than expected BAH rates, which became effective in January of this year. The Department of the Navy has experienced higher than CONUS wide average BAH increases, due to higher costs in our fleet concentration areas compared to other Service locations. This shortfall was exacerbated by inclusion of military personnel accounts in the across-the-board rescission and other funding reductions. To offset these reductions, Navy is considering reprogramming from other appropriations as well as reducing certain expenditures within the MPN account. For example, Navy is delaying shore-to-shore moves of 3,788 Sailors and accepting early voluntary separations among some enlisted personnel, consistent with force shaping plans.

To prevent similar shortfalls in future budgets, the Departments of the Navy and Defense are working closely on more accurate predictions and budgeting. Navy has developed, and is using, more sophisticated modeling scenarios to track the changing demographics of our force. The Department of Defense, in conjunction with the Runzheimer survey team, is making progress on instituting Service-specific rates for projecting and budgeting BAH, rather than using a single average rate-of-increase for all Services.

QUESTIONS SUBMITTED TO ADMIRAL MICHAEL G. MULLEN

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

DECLINING BUDGET AND THE 313 SHIP NAVY

Question. Admiral Mullen has proposed a shipbuilding strategy to increase the size of the fleet from 281 ships to 313 ships during the next five years.

The Navy estimates that executing the 313-ship proposal would require an annual average of \$13.4 billion for new ship construction. The current request for ship construction is \$11.5 billion.

However, the Congressional Budget Office (CBO) and the Congressional Research Service (CRS) both estimate that the shipbuilding strategy will require \$18 to \$20 billion per year, or about 37 percent more. This is primarily due to rising ship costs and poor Navy cost estimates.

We cannot sustain the current level of Defense spending. I anticipate flattening or declining budgets over the next few years. Under these budget conditions, how likely is it that the Navy will be able to increase funding for construction of new ships to achieve your new 313-ship plan?

Answer. It is my intention to invest the funds, within the Navy's topline budget, needed to support the 30 year shipbuilding plan presented to Congress.

The Navy is making internal resource allocation decisions necessary to quickly increase the shipbuilding account to approximately \$13.4 billion and to maintain that level of funding annually (adjusted for inflation). We believe that by strictly controlling requirements and holding ourselves to a stable ship construction plan, our shipbuilding, current personnel and readiness requirements can be balanced and sustained in the face of flattening budgets. This strategy becomes more difficult in the face of declining budgets.

313 SHIP PLAN

Question. To fund the 313-ship plan, does the Navy plan to reduce other procurement programs?

Answer. We believe the shipbuilding plan is affordable and executable, but it is going to take discipline and a commitment to controlling requirements and costs. Navy will look carefully at all other procurement accounts and I expect some to be reduced or moved to the right. The SCN budget is balanced with all other Navy procurement accounts so that all are adequately funded to sustain near-term operational readiness and prepare for an uncertain but potentially dangerous future.

The 30-year shipbuilding plan and the requested resources to procure it reflect the Navy's commitment to stabilize the industrial base while still achieving the appropriate balance of affordability and capability in all ship classes.

Question. What assumptions does the Navy make about its ability to control personnel and operation and maintenance spending?

Answer. We recognize the pressures that personnel expenditures and operation and maintenance spending place on the Navy's procurement accounts. The Navy has made the assumptions that Operations and Maintenance accounts will remain flat for the foreseeable future and Military Personnel accounts will show zero net growth in light of rising health care costs and anticipated reductions in end strength. We are working diligently to balance near-term readiness, personnel requirements, and our procurement accounts.

UNMANNED COMBAT AIR VEHICLES (UCAV)

Question. The Department of Defense (DOD) has been thinking about developing an unmanned combat aircraft for years. In 1999, the Air Force and the Defense Advanced Research Project Agency (DARPA) awarded contracts to begin research for capability.

In December 2004, the DOD decided to move the program from DARPA to a joint Air Force and Navy program office. However, in January 2006 the decision was changed and now the Navy and Air Force are pursuing separate programs to develop unmanned air vehicles.

The Navy is requesting \$239 million for fiscal year 2007. Investment over the fiscal year 2007 through fiscal year 2011 period will exceed \$1.8 billion.

Are you satisfied that separating the Navy and Air Force programs is the best way to proceed in developing unmanned combat aircraft known as UCAV?

Answer. I believe there is enormous value in joint programs but in this particular case the Navy requirements are unique enough to warrant a separate program from the Air Force. The 2005 Quadrennial Defense Review (QDR) recommended restructuring the Joint Unmanned Combat Air System (J-UCAS) program to better focus limited resources on developing and fielding future unmanned warfighting capabilities.

Initial Navy Unmanned Combat Aircraft System (Navy UCAS) program efforts will be specifically tailored to develop the technologies required for carrier-based operations, leading to a carrier demonstration in fiscal year 2011. The results of this demonstration will inform a decision to develop a low-observable, carrier-based, penetrating surveillance/strike platform capable of operating in a high threat environment.

The Navy UCAS program will leverage the technology developed in the J-UCAS program to date, and future advancements developed in other DOD programs.

Question. What was the problem with the joint program?

Answer. The joint program wasn't able to address the unique requirements of a carrier-based, Navy Unmanned Combat Aircraft System (Navy UCAS). The 2005 Quadrennial Defense Review (QDR) recommended restructuring the Joint Un-

manned Combat Air System (J-UCAS) program to better focus limited resources on developing and fielding future unmanned warfighting capabilities, not because of a problem with the Joint program.

Navy is committed to sharing technology developments from the UCAS program with the Air Force and other DOD entities to facilitate efficient development of complementary unmanned capabilities that meet Naval and Joint requirements.

Question. The current plan won't see Unmanned Combat Air Vehicles entering the fleet until 2018. Does this schedule meet the needs of the Navy for persistent intelligence, surveillance and reconnaissance?

Answer. Campaign analysis has shown a need for persistent, penetrating ISR capability in the 2015 timeframe. The Navy will continue to rely on our stand-off ISR capability and accept some warfighting risk until Navy UCAS reaches IOC. At IOC, Navy UCAS will provide a carrier-based, low-observable platform able to penetrate the battle space and provide persistent intelligence, surveillance and reconnaissance.

Question. What equipment will the UCAV replace?

Answer. The Navy Unmanned Combat Air System (Navy UCAS) will not replace, but rather complement the capabilities of current and future Naval aircraft. It will fill gaps identified in the JROC validated Joint Strike Enabler Initial Capabilities Document.

SEAL RECRUITING

Question. Does the Navy believe that it can increase its recruiting for the additional Navy SEALs without sacrificing quality standards or sacrificing the quality of the training?

Answer. The Navy believes it can maintain the high training standards and caliber of its SEAL forces in this time of growth.

To this end, the Navy will ensure recruiting and accession efforts target only those individuals most capable of completing the rigorous Basic Underwater Demolition/SEAL (BUD/s) training and contributing to the most challenging combat operations.

BUD/s has the capacity to train over 900 enlisted SEAL candidates per year. BUD/s maintains definable and objective standards of performance for SEAL selection and training. These combat-proven standards will not be compromised as the Navy increases its SEAL operator inventory.

Through a collaborative effort between Navy Recruiting Command and Naval Special Warfare Command, we have implemented several new initiatives to enhance our selection, monitoring and mentoring of SEAL candidates. These initiatives include:

- Increasing the yearly goal for enlisted SEAL recruits by 27 percent;
- Increasing financial incentives for successful SEAL recruits by over 100 percent;
- Hiring former SEALs to focus recruiting efforts on the proper candidate pool, and to test, educate and mentor SEAL recruits for success in the Basic Underwater Demolition School (BUD/s).
- Establishing a specific SEAL monthly recruiting goal for each Navy Recruiting District (NRD) in addition to the aggregated national goal.
- Designating a SEAL coordinator at each NRD to mentor all SEAL recruits in the Delayed Entry Program (DEP). This is expected to reduce attrition from the DEP and to help motivate prospective SEALs to physically and mentally condition themselves for the challenges they will face when they come on active duty.
- Establishing a requirement for NRD Commanders to report weekly to Commander, Navy Recruiting Command, on the status of SEAL DEP personnel.

These measures are intended to increase the number of men who successfully complete SEAL selection and training without sacrificing the Navy's high standards.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

SEA-BASED MISSILE DEFENSE

Question. Admiral Mullen, one of the most successful aspects of our nation's missile defense program has been the Navy's sea-based missile defense program. I am told that six of the seven tests of this system have been successful. In the Pacific, we face several potential missile threats. Can you update the Committee on your plans to deploy the sea-based missile defense program and the role you see for its use in both Western Pacific and Hawaii.

Answer. The Navy is collaborating with the Missile Defense Agency (MDA) to develop and field a sea-based missile defense program.

By the end of calendar year 2007 we will have modified seven destroyers to track ballistic missiles and seven destroyers and three cruisers to both track ballistic missiles and engage them with SM-3 missiles. All of these ships are based in the Pacific. Two Pearl Harbor-based AEGIS cruisers are capable of firing this new missile—*Lake Erie* (CG 70) and *Port Royal* (CG 73). The San Diego-based AEGIS cruiser, U.S.S. *Shiloh* (CG 67), is currently being so modified and will be shifting homeports to the Western Pacific later this year. As the Navy continues to develop enhanced missile defense capabilities, we will work closely with MDA to develop the most effective operational concepts for their use in support of Combatant Commanders and national security objectives.

PACIFIC MISSILE RANGE FACILITY (PMRF) PERFORMANCE

Question. Admiral Mullen, as you know testing of the AEGIS system is done in Hawaii at the Pacific Missile Range Facility. Are you pleased with the way these tests have been conducted?

Answer. We are very pleased with the test and evaluation (T&E) capabilities PMRF provides to the AEGIS ballistic missile defense program and the RDT&E community. We remain committed to using PMRF as our primary test range for AEGIS BMD and the future testing of SM-6.

We conducted four key T&E events at PMRF during fiscal year 2005, including one successful AEGIS Ballistic Missile Defense (BMD) test critical to the Navy's development and fielding of a ship-based BMD system. Three additional tests have been planned for fiscal year 2006 at PMRF.

RESTORE PRIVATE SHIPYARDS

Question. Admiral Mullen, the supplemental request includes more than \$1 billion to restore private shipyards damaged by Hurricane Katrina. I have been advised that there may be a problem because insurance claims are in dispute. In the meantime, damages aren't being repaired. The longer the shipyards aren't fixed, the more it will cost the Navy to build its ships.

Could the Navy pay to fix the infrastructure today and be reimbursed from the shipyards after the claims were adjudicated?

Answer. The Supplemental Section of the fiscal year 2006 DOD Appropriations Act appropriated money to pay portions of the shipbuilding costs related to Hurricane Katrina. There is no current legal or regulatory authority for the Navy to pay costs that are actually or potentially covered by a shipyard's private insurance policies. However, the Navy believes such payment would set a very dangerous precedent for the future. The Navy's position is that it is not liable for any costs covered by private insurance. The Navy would therefore incur only those costs that were already allocable, allowable and reasonable under existing cost accounting principles and contract terms and would return as much of the Supplemental funds as possible to the Treasury. Consistent with this Navy position, the Conference Report language accompanying the Hurricane Katrina funding (Defense Appropriations Conference Report 109-359) specifies that the Navy will submit a report to Congress certifying that the increased costs to contractor funded programs are "... not subject to reimbursement by any third party (e.g., FEMA or private insurer) ...". The Navy provided this certification to the Defense Committees on February 28, 2006. The costs to fix shipyard infrastructure are subject to reimbursement by private insurance, even though the amount is likely to be a subject of litigation. Therefore, absent specific statutory authority to do so, the Navy is prohibited from using appropriated funds to reimburse a shipyard for these private costs.

HEALTH BENEFIT COSTS

Question. Admiral Mullen, the health benefits provided to our military and their families have proven to be a useful recruiting and retention tool. The Department of Defense is proposing new enrollment fees and pharmacy co-pays to address the rising costs of providing these benefits. While the majority of these increases affect retired personnel, all service members and their families will have new pharmacy co-pays.

Do you foresee this having a negative effect on your service members and their families?

Answer. I am committed to maintaining the quality of our health care for our service members and their families, but I also think it is reasonable to assume that any rise in out-of-pocket expenses—in any Navy program or benefit—will be negatively perceived by some members and their families.

The effect this perception has on recruiting or retention behavior is difficult to predict, as such behavior hinges on many factors. However, I expect the impact of

increasing the cost of pharmacy co-pay to be small on our Sailors and their families. Active duty members and their families may continue to obtain prescriptions at military treatment facilities at no personal expense. Family members may also use the TRICARE Mail Order Program with reduced co-pays for generic drugs. If, however, the family member chooses to use a retail pharmacy, there would be an increase in the co-pay charge.

HEALTH BENEFIT COST—AFFECT ON RECRUITING/RETENTION

Question. Admiral Mullen, do you believe these benefits will have a substantial affect on recruiting and retention?

Answer. Recruiting and retention behavior depends upon a great many factors and is often difficult to predict, but I do not believe that increasing the pharmacy co-pay share for active members and their families will have a significant negative impact on recruiting or retention.

The health benefits we deliver will not diminish. Indeed, the proposed increase in co-pay fees only serve to ensure that our health care system remains the gold standard that it is today. Active duty members and their families may continue to obtain prescriptions at military treatment facilities at no personal expense. Family members may also use the TRICARE Mail Order Program with reduced co-pays for generic drugs. If, however, the family member chooses to use a retail pharmacy, there would be an increase in the co-pay.

Historical responses to Navy surveys indicate that our medical and dental benefits are one of the primary reasons for staying in the Navy among junior and senior Sailors alike. I am committed to making sure they remain such an incentive. I do not believe that restoring TRICARE enrollment cost sharing proportions, for retirees, to their 1995 levels will have a significant negative impact on retention when considered in the broader context of the excellent medical and dental benefits offered.

QUESTIONS SUBMITTED TO GENERAL MICHAEL W. HAGEE

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

COST ESTIMATE TO RESET THE FORCE

Question. Continuing operations in Iraq and Afghanistan have taken their toll on Marine Corps equipment.

As a result, Supplemental requests include significant funding for equipment reset. Funding for Marine Corps procurement in Supplementals is typically two to three times higher than in the regular budget.

For example, in fiscal year 2005, Congress provided \$3.7 billion to reset Marine Corps equipment. In fiscal year 2006, Congress provided \$2.1 billion in a “bridge fund” attached to the regular Defense Appropriations bill for that purpose. The fiscal year 2006 Supplemental requests \$3.3 billion for Marine Corps reset.

The Marine Corps estimates that after approval of the fiscal year 2006 Supplemental request, it will have a remaining reset bill of \$6.5 billion.

Resetting equipment is a major challenge for the Marine Corps.

What is the Marine Corps’ strategy for reconstituting equipment over the long-term? Is there a cost estimate for reset over the next few years?

Answer. Last summer we evaluated the impact of Operations Iraqi Freedom and Enduring Freedom on the entire Marine Corps inventory. Using October 1, 2005 as a cut off date, we assessed what would be required to “reset the force”, i.e., restore the Marine Corps to the readiness it enjoyed before Operations Iraqi Freedom and Enduring Freedom. We took a comprehensive approach that accounted for the material condition of equipment in use in the theater of operations, the need to restock our prepositioning sites (afloat and ashore), the need to replace equipment that had been “borrowed” from home stations/CONUS-based forces and the requirement to support Iraqi Training Teams. The resultant reset cost is the amount of money required to reset the force as of October 1, 2005.

We estimate this total cost to be \$11.7 billion. We believe that we could execute this funding in two years and have phased our supplemental requests accordingly. We cannot execute the entire amount in one year due to industrial base limitations. When the resultant equipment is delivered, the readiness “bathtub” caused by the war would be filled.

We will identify all costs (fuel, personnel, ammunition, spares, attrition losses, etc.) incurred after October 1, 2005 in our annual Cost-of-War request.

The Title IX Bridge Supplemental provided \$4.4 billion: \$2.8 billion for cost of war and \$1.6 billion to reset the force. The current Supplemental request before the Congress is for \$6 billion: \$2.5 billion for cost of war and \$3.5 billion to reset the force. Our total fiscal year 2006 Supplemental request is thus \$10.4 billion: \$5.3 billion for the cost of war, which includes \$3.6 billion for operational costs and \$1.7 billion to replace destroyed equipment, and \$5.1 billion to reset the force.

Given approval of the current Supplemental request, the Marine Corps will need an additional \$6.6 billion to complete resetting the force, which we will continue to seek through supplemental funding.

SUPPLEMENTAL FUNDING AND USMC EQUIPMENT RESET

Question. How long do you plan to pursue Supplemental funding to reset Marine Corps equipment? When will you transition the costs for reset into the regular defense budget?

Answer. The Marine Corps requirement to reset the force is \$11.7 billion. We believe that we could execute this funding in two years and have phased our supplemental requests accordingly. We cannot execute the entire amount in one year due to industrial base limitations. The Title IX Bridge Supplemental provided \$4.4 billion: \$2.8 billion for cost of war and \$1.6 billion to reset the force. The current Supplemental request before the Congress is for \$6 billion: \$2.5 billion for cost of war and \$3.5 billion to reset the force. Our total fiscal year 2006 Supplemental request is thus \$10.4 billion: \$5.3 billion for the cost of war, which includes \$3.6 billion for operational costs and \$1.7 billion to replace destroyed equipment, and \$5.1 billion to reset the force.

Given approval of the current Supplemental request, the Marine Corps will need an additional \$6.6 billion to complete resetting the force. Since we plan to pursue supplemental funding for the remainder of our \$11.7 billion total reset requirement, reset costs will not transition into the regular defense budget.

MV-22 OSPREY

Question. The V-22 Osprey program has completed final operational testing and is authorized to enter full rate production.

The fiscal year 2007 budget request includes \$1.3 billion for procurement of V-22 Ospreys. The request funds the purchase of 14 aircraft.

The current supplemental request does not include funding for V-22s. However, General Hagee advocated for funding in the supplemental to replace Marine Corps helicopters destroyed and damaged in Iraq and Afghanistan. His request was denied by OMB. In the attached letter, General Hagee asked for your support for this program in the supplemental.

The V-22 Osprey will replace CH-46E and CH-53D helicopters. Both legacy assets are no longer in production and are experiencing significant wear and tear in support of the war.

The V-22 Osprey program has completed final operational testing and is authorized to enter full rate production. As you know, I have long supported this cutting-edge aircraft.

Could you provide us a program update and describe how the aircraft is performing?

Answer. The MV-22 Osprey is performing very well; the program has flown over 15,000 flight hours since May 2002. The first CH-46 squadron (HMM-263) stood down on June 3, 2005 to begin transitioning from the Sea Knight to the Osprey. VMM-263 was re-designated as a MV-22 squadron on March 3, 2006 at a ceremony at MCAS New River, North Carolina.

To date 29 Block A aircraft have been delivered and are being used to conduct training at VMMT-204 and fleet operational testing at VMX-22 at MCAS New River. Additionally, 3 Block B aircraft, the deployable configuration, have been delivered to VMX-22 for operational evaluation and subsequent transfer to VMM-263. VMM-263 will deploy to combat next year. The MV-22 will provide the Marines and Sailors who ride in them the most capable and survivable assault aircraft available.

SUPPLEMENTAL FUNDING FOR V-22

Question. Why is no funding included in supplemental for V-22s? Considering the declining inventory of helicopters the V-22 replaces and the wear and tear they are experiencing after four year of combat, should V-22s be included in the supplemental?

Answer. The Marine Corps top unfunded aviation supplemental requirement is the MV-22. The Marine Corps has lost a total of 23 helicopters in support of the

war, to include four CH-46s. The only active Marine Corps helicopter production line capable of replacing the 40-year-old CH-46 is the MV-22.

While it is our intent to field two 12-plane MV-22 squadrons per year with the first deployment to Iraq in 2007, budgetary restrictions have limited the rate of buy to less than what is needed to smoothly transition the force and replace combat losses. Although 15 aircraft were originally planned for fiscal year-06, funds were only made available for 9 aircraft in the Presidents budget. The MV-22 operational inventory will not meet the required number of aircraft to fulfill our transition plan until fiscal year 2012 with the current program of record. Only additional aircraft procurement in fiscal year 2006-2008 can sufficiently address this shortfall.

Based upon near-term industrial production constraints, the Marine Corps requested \$230 million in fiscal year 2006 Supplemental funding for the MV-22 Program: \$215 million to fully fund three new MV-22 Block B aircraft, and \$15 million in non-recurring engineering to determine the requirements needed to modify eight existing Low-Rate Initial Production aircraft into an operational configuration. This request was deferred until 2007. Funding of this request is crucial to the success of our Marines in both the near and long term.

MARINE CORPS SPECIAL OPERATIONS COMMAND

Question. Will the Marine Corps maintain any control over the new Marine Corps Special Operations Component, or will this new unit be under the exclusive control of the Special Operations Command?

Answer. Marine Corps Forces Special Operations Command (MARSOC) is assigned to and will be under the operational control of USSOCOM. USSOCOM will execute its title 10 service authorities over Special Operations Forces, relating to MARSOC.

The Marine Corps will continue to be responsible for the traditional training and equipping of Marines before they attach to SOCOM.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

KC-130 INVENTORY OBJECTIVE

Question. General Hagee, last year in a move related to the termination of the C-130 line, the Marine Corps purchase in 2006 was first increased to 12, then reduced by DOD when it decided to continue production into the future. This year, the request would purchase only 4 KC-130s.

Does this new plan make sense and will it allow you to meet your inventory objective?

Answer. The Marine Corps is currently in a multi-year procurement program with the Air Force to procure a total of 34 aircraft by the end of fiscal year 2008. This number is 17 aircraft short of the inventory objective of 51 necessary to support the Marine Corps requirement. Our Unfunded Programs List includes a request for \$678.7 million to provide funding for an additional 8 aircraft in fiscal year 2007 and advance procurement for 9 additional aircraft in fiscal year 2008, which would allow us to meet our inventory objective.

SELECTIVE REENLISTMENT BONUSES

Question. General Hagee, like other Services, the Marine Corps relies heavily on bonuses and other incentives to meet recruiting and retention goals. As of January 2006, the Marines have obligated more than the appropriated level for selective reenlistment bonuses, and are relying on supplemental funds to carry it through the year.

Could you explain why the fiscal year 2007 budget request also underfunds this program from its anticipated expenditures by \$30 million?

Answer. The Marine Corps' Selective Reenlistment Bonus (SRB) expenditures have increased as a result of the Global War on Terrorism (GWOT). The fiscal year 2007 budget request for the SRB program is based on peacetime requirements supporting an end strength of 175,000. SRB requirements above the peace time level in fiscal year 2007 will continue to be paid out of supplemental funding as a result of the Global War on Terror.

RESERVE HEALTH BENEFITS

Question. General Hagee, many of our colleagues continue advocating for increased health benefits for our reservists and their families.

Is it your impression that there is an unmet need for increased benefits?

Answer. The Marine Corps greatly appreciates the efforts of Congress to expand health benefits for our Reserve Marines. However, at this time, we do not see a requirement for any additional increases. We are currently working with DOD on the development of the implementation policy to support the increases offered to TRICARE Reserve Select in the fiscal year 2006 NDAA. As I'm sure you are aware, the mechanics of implementing and administering the various rules and regulations associated with all health benefit programs are very complex. Therefore, it is our belief that we should give these programs some time to develop and allow us to obtain some data on their impact before adding any new benefits or provisions.

SUBCOMMITTEE RECESS

Senator STEVENS. This subcommittee will reconvene on Tuesday, March 28 to hear from the Department of the Army. The subcommittee will stand in recess until that time. Thank you very much.

[Whereupon, at 11:15 a.m., Wednesday, March 15, the subcommittee was recessed, to reconvene at 2:30 p.m., Tuesday, March 28.]